

**AL GASSIM INVESTMENT HOLDING COMPANY**  
(A Saudi Joint Stock Company)

**Financial Statements and Independent Auditor's Report**  
**For the year ended December 31, 2023**

**AL GASSIM INVESTMENT HOLDING COMPANY**

(A SAUDI JOINT STOCK COMPANY)

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

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**Independent Auditor's Report**

**To the Shareholders of**  
**Al Gassim Investment Holding Company**  
(A Saudi Joint Stock Company)  
Al Buraydah, Kingdom of Saudi Arabia

**Opinion**

We have audited the financial statements of the Al Gassim Investment Holding Company (the "Company"), which comprise the statement of financial position as at December 31, 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, 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 by the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, endorsed in the Kingdom of Saudi Arabia which is relevant to our audit of the financial statements, We have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw attention to Notes No. 3-1 & 31, which indicate the existence of a legal dispute between the company and the Branch of the Ministry of Environment, Water and Agriculture (the "Ministry's Branch") in Al Qassim region, related to the request of cancelling the negative decision on refraining the Ministry's Branch to submit a request to High Commissioner about the Company's ownership of the entire area which has been renovated from the land handed over to the Company. Approval has been issued by the High Commissioner for the Company to own only 74 million square meters out of the total land area of 116 million square meters. Noting that in case the Company is presumed to lose the lawsuit, it will materially affect the Company due to the correlation of the disputed land with the lease revenue contracts that have been entered into by the Company with the other party, which represents the main source of the Company's revenue. The expected losses can only be determined upon the final settlement of that legal dispute. Our opinion is not modified with respect to this matter.

**Key Audit Matters**

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

**Independent Auditor’s Report (Continued)**

**To the Shareholders of  
Al Gassim Investment Holding Company**

**Key Audit Matters (Continued)**

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Impairment of Investment Properties</b></p> <p>As stated in the financial statements, The balance of investment properties as at December 31, 2023 amounted to SR 175,359,640 (2022: 180,560,447, which are presented in the statement of financial position at cost, net of the accumulated depreciation, and impairment if any.</p> <p>Investment properties are held to earn rentals, capital appreciation or both.</p> <p>For the purposes of impairment assessment testing and the disclosure of the fair value in the Company’s financial statements, investment properties are valued by an accredited independent external valuer properties expert (“the Valuer”) who performs the valuation using generally accepted valuation approaches and methodology, based on assumptions and estimates related to several factors affecting the fair value of the investment properties.</p> <p>We considered this as a key audit matter due to the fact that the impairment assessment testing of the investment properties requires significant estimates be made by the management, additionally to the materiality of the related amounts.</p> <p>Refer to note (33) which includes the material accounting policy related to investment properties and note (6) for details of investment properties.</p>	<p>Our audit procedures included among others, the following:</p> <ul style="list-style-type: none"> <li>- Obtaining the valuation report provided by the real estate Valuer for those investment properties.</li> <li>- Engaging an independent real estate Valuer expert accredited by the Saudi Authority of Accredited Valuers to review the work of the Valuer engaged by the company's management, the methods and approaches used in the valuation, and the reasonableness of the assumptions used to determine the fair values of investment properties.</li> <li>- Comparing the fair value of the investment properties with their book values to ensure there are no indications for impairment (if material) in the financial statements.</li> <li>- Assessing the adequacy and appropriateness of the disclosures in the financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia.</li> </ul>

**Other Matter**

The financial statements of the Company for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on Ramadan 7, 1444H (corresponding to March 29, 2023).

## **Independent Auditor's Report (Continued)**

### **To the Shareholders of**

### **Al Gassim Investment Holding Company**

#### **Other Information**

Other information consists of the information included in the Company's 2023 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Company's annual report for 2023 is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Company's annual report for 2023, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

## Independent Auditor's Report (Continued)

### To the Shareholders of Al Gassim Investment Holding Company

#### Auditor's Responsibilities for the Audit of the 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management and TCWG 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 identified during our audit.

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

**Baker Tilly MKM & Co.**  
Certified Public Accountants



**Bader Hatim Al Tamimi**  
(License No. 489)  
Riyadh on Ramadan 21, 1445 H  
Corresponding to March 31, 2024





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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023**  
(Saudi Riyals)

	Note	December 31, 2023	December 31, 2022	January 01, 2022
			Restated - Note 30	Restated - Note 30
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant, and equipment	5	53,108,689	55,450,746	58,198,137
Investment properties	6	175,359,640	180,560,447	194,075,845
Financial assets at fair value through profit or loss	7	17,536,786	15,144,754	15,034,407
Installment sales contracts' debtors - non-current portion	8	11,289,343	11,743,819	12,176,654
Investment in finance lease contracts - non-current portion	9	124,182,775	126,182,008	145,124,559
		<b>381,477,233</b>	<b>389,081,774</b>	<b>424,609,602</b>
<b>Current Assets</b>				
Inventories	10	35,879	118,616	193,830
Trade receivables	11	594,935	1,210,668	617,246
Installment sales contracts' debtors – current portion	8	454,476	432,835	412,223
Investment in finance lease contracts – current portion	9	4,999,233	4,761,173	4,353,074
Prepaid expenses and other debit balances	12	1,117,491	558,391	2,749,275
Murabaha deposit short-term		-	25,000,000	-
Cash and cash equivalents	13	44,064,688	11,627,353	19,108,209
		<b>51,266,702</b>	<b>43,709,036</b>	<b>27,433,857</b>
<b>Total assets</b>		<b>432,743,935</b>	<b>432,790,810</b>	<b>452,043,459</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	14	300,000,000	300,000,000	300,000,000
Statutory reserve	15	-	1,168,140	443,410
(Accumulated losses) Retained earnings		(3,639,600)	1,996,418	(4,547,877)
		<b>296,360,400</b>	<b>303,164,558</b>	<b>295,895,533</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' defined benefits obligation	16	892,812	623,316	1,195,926
Deferred revenue	17	58,000,000	58,000,000	58,000,000
		<b>58,892,812</b>	<b>58,623,316</b>	<b>59,195,926</b>
<b>Current liabilities</b>				
Stock sale surplus and unpaid profits from shares	18	51,131,653	51,208,694	51,281,136
Investment properties' purchase payable		-	-	33,438,374
Underwriting creditors	19	1,365,535	1,365,535	1,365,535
Trade payables		716,822	759,983	887,503
Accrued expenses and other credit balances	20	2,643,260	3,130,196	2,221,571
Zakat payable	21	21,633,453	14,538,528	7,757,881
		<b>77,490,723</b>	<b>71,002,936</b>	<b>96,952,000</b>
<b>Total liabilities</b>		<b>136,383,535</b>	<b>129,626,252</b>	<b>156,147,926</b>
<b>Total equity and liabilities</b>		<b>432,743,935</b>	<b>432,790,810</b>	<b>452,043,459</b>

Financial Manager

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes form an integral part of these financial statements

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Saudi Riyals)

	Note	2023	2022
Revenue	22	<b>10,466,253</b>	Restated - Note 30 10,862,021
Cost of revenue	23	<b>(1,512,945)</b>	(1,721,306)
<b>Gross profit</b>		<b>8,953,308</b>	9,140,715
General and administrative expenses	24	<b>(5,670,060)</b>	(6,823,799)
Impairment (losses) reversal of investment properties	6	<b>(5,169,134)</b>	19,062,626
Reversal (Provision) of expected credit losses	9,11	<b>206,440</b>	(6,624,980)
<b>Operating (loss) profit</b>		<b>(1,679,446)</b>	14,754,562
Revaluation of financial assets at fair value through profit or loss	7	<b>2,392,032</b>	110,347
Dividends income from financial assets at fair value through profit or loss	7	<b>412,500</b>	337,500
Other income	25	<b>2,431,419</b>	107,100
<b>Profit before zakat</b>		<b>3,556,505</b>	15,309,509
Zakat	21	<b>(10,269,816)</b>	(8,260,077)
<b>(Loss) Profit for the year</b>		<b>(6,713,311)</b>	7,049,432
<b>Other Comprehensive Income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement of employees' defined benefits obligation	16	<b>(90,847)</b>	219,593
<b>Other comprehensive (loss) income for the year</b>		<b>(90,847)</b>	219,593
<b>Total comprehensive (loss) income for the year</b>		<b>(6,804,158)</b>	7,269,025
<b>Basic and diluted (loss) earnings per share</b>	26	<b>(0.224)</b>	0.235

  
Financial Manager

  
Chief Executive Officer

  
Chairman of Board of Directors

The accompanying notes form an integral part of these financial statements



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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Saudi Riyals)

Note	Share capital	Statutory reserve	(Accumulated losses) Retained earnings	Total	
<b>For the year ended December 31, 2023:</b>					
	<b>As at January 1, 2023 (Restated)</b>				
30	<b>300,000,000</b>	<b>1,168,140</b>	<b>1,996,418</b>	<b>303,164,558</b>	
	Loss for the year	-	(6,713,311)	(6,713,311)	
	Other comprehensive loss for the year	-	(90,847)	(90,847)	
	Total comprehensive loss for the year	-	(6,804,158)	(6,804,158)	
15	Close statutory reserve to accumulated losses	(1,168,140)	1,168,140	-	
	<b>As at December 31, 2023</b>	<b>300,000,000</b>	<b>(3,639,600)</b>	<b>296,360,400</b>	
<b>For the year ended December 31, 2022:</b>					
	As at January 1, 2022 (before adjustments)	300,000,000	443,410	(10,590,537)	289,852,873
30	Prior years' adjustments	-	-	6,042,660	6,042,660
30	As at January 1, 2022 (Restated)	300,000,000	443,410	(4,547,877)	295,895,533
30	Profit for the year (Restated)	-	-	7,049,432	7,049,432
	Other comprehensive income for the year	-	-	219,593	219,593
30	Total comprehensive income for the year (Restated)	-	-	7,269,025	7,269,025
	Transfer to statutory reserve	-	724,730	(724,730)	-
30	As at December 31, 2022 (Restated)	<b>300,000,000</b>	<b>1,168,140</b>	<b>1,996,418</b>	<b>303,164,558</b>

Financial Manager

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes form an integral part of these financial statements

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Saudi Riyals)

	<u>2023</u>	<u>2022</u>
		Restated - Note 30
<b>Operating activities</b>		
Profit before Zakat	<b>3,556,505</b>	15,309,509
<b>Adjustments for non-cash items:</b>		
Depreciation of property, plant and equipment	<b>2,153,636</b>	2,443,850
Depreciation of investment properties	<b>31,673</b>	31,673
(Gain) loss on disposal of property, plant and equipment	<b>(539,656)</b>	445,566
Dividends income from financial assets at fair value	<b>(412,500)</b>	(337,500)
(Reversal) Provision of expected credit losses	<b>(206,440)</b>	6,624,980
(Reversal) Provision of obsolete or slow-moving inventories	<b>(266)</b>	63,321
Revaluation of financial assets at fair value through profit or loss	<b>(2,392,032)</b>	(110,347)
Impairment losses (reversal) of investment properties	<b>5,169,134</b>	(19,062,626)
Employees' defined benefits obligation incurred	<b>178,649</b>	257,879
Reversal of impairment of property, plant and equipment	<b>(50,338)</b>	-
<b>Changes in working capital items:</b>		
Inventories	<b>83,003</b>	11,894
Trade receivables	<b>(2,177,827)</b>	(4,218,402)
Installment sales contracts' debtors	<b>432,835</b>	412,223
Investment in finance lease contracts	<b>4,761,173</b>	15,534,452
Prepaid expenses and other debit balances	<b>(559,100)</b>	2,190,883
Trade payables	<b>(43,161)</b>	(127,520)
Investment properties' purchase payable	-	(611,893)
Accrued expenses and other credit balances	<b>(486,936)</b>	908,625
<b>Cash from operations</b>	<b>9,498,352</b>	19,766,567
Employees' defined benefits obligation paid	-	(610,896)
Zakat paid	<b>(3,174,891)</b>	(1,479,430)
<b>Net cash generated from operating activities</b>	<b>6,323,461</b>	17,676,241
<b>Investing activities</b>		
Murabaha deposit short-term	<b>25,000,000</b>	(25,000,000)
Additions to property, plant and equipment	<b>(8,103)</b>	(212,547)
Additions to investment properties	-	(280,130)
Proceeds from disposal of property, plant and equipment	<b>786,518</b>	70,522
Proceeds from dividends income from financial assets at fair value	<b>412,500</b>	337,500
<b>Net cash generated from (used in) investing activities</b>	<b>26,190,915</b>	(25,084,655)
<b>Financing activities</b>		
Payment of stock sale surplus and unpaid profits	<b>(77,041)</b>	(72,442)
<b>Net cash flows used in financing activities</b>	<b>(77,041)</b>	(72,442)
<b>Net changes in cash and cash equivalents during the year</b>	<b>32,437,335</b>	(7,480,856)
Cash and cash equivalents at the beginning of the year	<b>11,627,353</b>	19,108,209
<b>Cash and cash equivalents at the end of the year</b>	<b>44,064,688</b>	11,627,353
<b>Non-cash transactions:</b>		
Write-off trade receivables	<b>6,429,468</b>	-
Write-off inventories	<b>3,102,333</b>	39,024
Re-measurement of employees' defined benefits obligation	<b>(90,847)</b>	219,593
Adjustment of investment properties in Investment properties' purchase payable	-	32,617,785

  
Financial Manager

  
Chief Executive Officer

  
Chairman of Board of Directors

The accompanying notes form an integral part of these financial statements



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Saudi Riyals)

**1. COMPANY INFORMATION AND ACTIVITIES**

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

The registered address of the Company is building number 7756 King Fahd Road, Al-Fayiziyah District, Buraidah – Al Qassim, Kingdom of Saudi Arabia.

The Company's main activities represented in managing the subsidiaries.

**2. BASIS OF PREPARATION**

These financial statements of the Company for the year ended December 31, 2023 have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Details of the Company's material accounting policies are disclosed in note 33.

The financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and employees' defined benefits obligation which is measured using the expected credit unit method. The financial statements are presented in Saudi Riyals which is also the functional currency of the Company, and all values are rounded to the nearest Riyal (SR), except when otherwise indicated.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods:

Other disclosures relating to the Company's exposure to risk and uncertainties include:

- |   |         |
|---|---------|
| - Financial instruments risk management | Note 29 |
| - Sensitivity analysis disclosures      | Note 16 |

**3.1 Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

**Going concern basis of accounting**

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in business for the foreseeable future. According to Note No. 31 which indicates the existence of a legal dispute between the company and the Branch of the Ministry of Environment, Water and Agriculture (the "Ministry's Branch") in the Al Qassim region, relating to the request to cancelling the negative decision on refraining the Ministry's Branch to submit a request to High Commissioner about the Company's ownership of the entire area which has been renovated from the land handed over to the Company. Approval has been issued by the High Commissioner for the Company to own only 74 million square meters out of the total land area of 116 million square meters. Noting that in case the Company is presumed to lose the lawsuit, it will materially affect the Company due to the correlation of the disputed land with the lease revenue contracts that have been entered into by the Company with the other party, which represents the main source of the Company's revenue. The expected losses can only be determined upon the final settlement of that legal dispute. As stated in the financial statements, the Company's current liabilities exceeded its current assets as at December 31, 2023. The Company's ability to continue its business depends on generating positive operating cash flows and generating more revenue from new Company activities.

However, as described above, the management reasonably expects the Company to continue as a going concern in the foreseeable future.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Saudi Riyals)

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)**

**3-2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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

The Company determines the estimated useful lives of its property, plant and equipment for calculating depreciation after considering the expected usage of the assets or physical wear and tear. Management has not put any residual value as it was considered insignificant. Management reviews the useful lives annually.

**Impairment of investment properties**

The recoverable amount of investment properties is slightly higher than their carrying value as at 31 December 2023. The recoverable amount of investment properties is calculated using the market value method by independent valuers as indicated in Note 6. Due to unstable real estate market conditions, the valuation of investment properties may be significantly affected by future events.

**Fair value measurement of financial instruments**

When the fair values of financial assets cannot be measured based on quoted prices or active trading of some instruments at the date of the statement of financial position. The fair value is estimated using various valuation techniques which include the use of pricing models where the information is taken from observing the market. Where this is not feasible, a degree of estimate and judgment is required in establishing fair values.

**Long-term assumptions of employee-defined benefits obligation**

Employee-defined benefits obligations represent obligations which will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables such as discount factor, salary increase rate, mortality rates and employee turnover. The Company's management periodically takes advice from actuaries on these assumptions. Changes in key assumptions could materially affect the provision for employees' defined benefits obligation.

**Uncertain zakat positions**

The Company's current zakat relates to management's assessment of the amount of zakat payable on open zakat positions where the liabilities remain to be agreed with the Zakat, Tax and Customs Authority (ZATCA). Due to the uncertainty associated with such zakat items, it is possible that the final outcome may differ significantly upon issuance of the final assessment by (ZATCA) at a future date.

**4. CHANGES TO THE COMPANY'S ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of the financial statements for the year ended December 31, 2023 are consistent with those followed in the preparation of the Company's financial statements for the year ended December 31, 2022, except for the adoption of a new standard and certain amendments which became effective on January 1, 2023. The company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, the following standards and amendments: the nature and impact of which have been disclosed below:

- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies.

These new standards and these new amendments had no material impact on the financial statements of the Company.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. PROPERTY, PLANT AND EQUIPMENT**

<b>Cost:</b>	<b>Land *</b>	<b>Buildings</b>	<b>Plant and equipment</b>	<b>Vehicles</b>	<b>Irrigation network</b>	<b>Furniture and fixtures</b>	<b>Agricultural machinery</b>	<b>Fruitful trees</b>	<b>Total</b>
As at January 1, 2022 (Restated)	18,887,172	18,441,982	18,656,242	509,500	2,016,997	2,744,825	157,350	47,476,939	108,891,007
Additions	211,530	-	-	-	-	1,017	-	-	212,547
Disposals	-	-	-	(183,500)	(225,250)	(20,900)	-	(1,330,000)	(1,759,650)
As at December 31, 2022 (Restated)	19,098,702	18,441,982	18,656,242	326,000	1,791,747	2,724,942	157,350	46,146,939	107,343,904
<b>Additions</b>	-	-	-	-	-	<b>8,103</b>	-	-	<b>8,103</b>
<b>Disposals</b>	-	<b>(32,298)</b>	<b>(2,572,590)</b>	-	<b>(107,150)</b>	<b>(425,053)</b>	-	-	<b>(3,137,091)</b>
<b>As at December 31, 2023</b>	<b>19,098,702</b>	<b>18,409,684</b>	<b>16,083,652</b>	<b>326,000</b>	<b>1,684,597</b>	<b>2,307,992</b>	<b>157,350</b>	<b>46,146,939</b>	<b>104,214,916</b>
<b>Accumulated depreciation and impairment:</b>									
As at January 1, 2022 (Restated)	-	12,105,208	17,220,197	509,496	1,783,807	2,339,942	157,347	16,576,873	50,692,870
Charge for the year	-	691,624	440,721	-	35,040	89,633	-	1,186,832	2,443,850
Disposals	-	-	-	(183,498)	(225,247)	(20,057)	-	(814,760)	(1,243,562)
As at December 31, 2022 (Restated)	-	12,796,832	17,660,918	325,998	1,593,600	2,409,518	157,347	16,948,945	51,893,158
<b>Charge for the year</b>	-	<b>678,701</b>	<b>209,415</b>	-	<b>28,174</b>	<b>83,673</b>	-	<b>1,153,673</b>	<b>2,153,636</b>
<b>Disposals</b>	-	<b>(32,283)</b>	<b>(2,351,079)</b>	-	<b>(85,810)</b>	<b>(421,057)</b>	-	-	<b>(2,890,229)</b>
<b>Reversal of impairment loss</b>	-	-	-	-	-	-	-	<b>(50,338)</b>	<b>(50,338)</b>
<b>As at December 31, 2023</b>	-	<b>13,443,250</b>	<b>15,519,254</b>	<b>325,998</b>	<b>1,535,964</b>	<b>2,072,134</b>	<b>157,347</b>	<b>18,052,280</b>	<b>51,106,227</b>
Net book value:									
<b>As at December 31, 2023</b>	<b>19,098,702</b>	<b>4,966,434</b>	<b>564,398</b>	<b>2</b>	<b>148,633</b>	<b>235,858</b>	<b>3</b>	<b>28,094,659</b>	<b>53,108,689</b>
As at December 31, 2022 (Restated)	19,098,702	5,645,150	995,324	2	198,147	315,424	3	29,197,994	55,450,746
As at January 01, 2022 (Restated)	18,887,172	6,336,774	1,436,045	4	233,190	404,883	3	30,900,066	58,198,137

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

The allocation of the charged depreciation to the expenses for the years ended December 31 are as follows:

	<b>2023</b>	<b>2022</b>
Cost of revenue (note 23)	<b>1,318,945</b>	1,377,151
General and administrative expenses (note 24)	<b>834,691</b>	1,066,699
	<b>2,153,636</b>	2,443,850



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**6. INVESTMENT PROPERTIES**

	<u>Shri Land</u>	<u>Al Ofuq Land</u>	<u>Al Mulida Project</u>	<u>Total</u>
<b>Cost:</b>				
As at January 1, 2022 (Restated)	58,000,000	178,714,266	3,323,795	240,038,061
Additions	-	-	280,130	280,130
Adjustments during the year	-	(208,696)	-	(208,696)
Cost reduction by the amount waived *	-	(32,617,785)	-	(32,617,785)
As at December 31, 2022 (Restated)	<u>58,000,000</u>	<u>145,887,785</u>	<u>3,603,925</u>	<u>207,491,710</u>
<b>As at December 31, 2023</b>	<b><u>58,000,000</u></b>	<b><u>145,887,785</u></b>	<b><u>3,603,925</u></b>	<b><u>207,491,710</u></b>
<b>Accumulated depreciation and impairment:</b>				
As at January 1, 2022 (Restated)	-	44,821,558	1,140,658	45,962,216
Depreciation for the year	-	-	31,673	31,673
Reversal of impairment losses	-	(18,213,698)	(848,928)	(19,062,626)
As at December 31, 2022 (Restated)	-	<u>26,607,860</u>	<u>323,403</u>	<u>26,931,263</u>
<b>Charge for the year</b>	-	-	<b>31,673</b>	<b>31,673</b>
<b>Impairment losses</b>	-	<b>5,169,134</b>	-	<b>5,169,134</b>
<b>As at December 31, 2023</b>	-	<b><u>31,776,994</u></b>	<b><u>355,076</u></b>	<b><u>32,132,070</u></b>
<b>Net book value:</b>				
<b>As at December 31, 2023</b>	<b><u>58,000,000</u></b>	<b><u>114,110,791</u></b>	<b><u>3,248,849</u></b>	<b><u>175,359,640</u></b>
As at December 31, 2022 (Restated)	<u>58,000,000</u>	<u>119,279,925</u>	<u>3,280,522</u>	<u>180,560,447</u>

The fair value of the Shri land as at December 31, 2023 amounted to SR 86,233,000 (2022: SR 89,320,000). According to the valuation performed by Mansour Saleh Al-Saleem Real Estate Appraisal Office, an independent valuer accredited by the Saudi Authority for Accredited Valuers under license number 1210000477. The valuation was performed using both the market and income approaches.

The fair value of Al Ofuq Land as at December 31, 2023 amounted to SR 114,110,791 (2022: SR 121,637,767). Impairment losses were recognized for the year ended December 31, 2023 in the amount of SR 5,169,134 (2022: Reversal of impairment amounted to SAR 18,213,698). According to the valuation performed by Mansour Saleh Al-Saleem Real Estate Appraisal Office, an independent valuer accredited by the Saudi Authority for Accredited Valuers under license number 1210000477. The valuation was performed using both the market and income approaches.

During the year 2022, an agreement with the Arabian Wabel Investment Company Limited to share the ownership of land by waiving the deeds of that land so that the deeds of each party become full ownership instead of being 50% communal shares. Thus, the remainder of the amount due to the Arab Wabel Investment Company was paid. Ltd. party to the company, amounting to SR 32,617,785 as of December 31, 2022, which was registered as creditors for the purchase of investment properties. All title deed for the two plots was transferred to Al-Qassim Investment Holding Company during the year 2023 and the regulatory procedures were completed in this regard.

The fair value of the Al Mulida Project as at December 31, 2023 amounted to SR 10,393,997 (2022: SR 14,433,600). According to the valuation performed by Mansour Saleh Al-Saleem Real Estate Appraisal Office, an independent valuer accredited by the Saudi Authority for Accredited Valuers under license number 1210000477. The valuation was performed using both the market and cost approaches.

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**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>Ownership</b>	<b>December 31, 2023</b>	December 31, 2022
United Dairy Farms Company	<b>8.30%</b>	<b>8,132,035</b>	7,627,931
Wasatah Capital	<b>1.20%</b>	<b>3,448,113</b>	3,079,406
National Company for Seed Production and Agricultural	<b>4.19%</b>	<b>2,857,692</b>	2,039,506
Saudi Industries Development Company	<b>0.75%</b>	<b>2,783,755</b>	2,052,368
Al-Butain Agricultural Cooperative Association	<b>1.43%</b>	<b>315,191</b>	345,543
		<b><u>17,536,786</u></b>	<u>15,144,754</u>

The movement of the financial assets at fair value through profit or loss during the years ended December 31, is as follows:

	<b>December 31, 2023</b>	December 31, 2022
As at January 1	<b>15,144,754</b>	15,034,407
Revaluation	<b>2,392,032</b>	110,347
As at December 31	<b><u>17,536,786</u></b>	<u>15,144,754</u>

The company received dividends from those financial assets during the year ended December 31, 2023, amounting to SR 412,500 (2022: SR 337,500).

These investments represent equity instruments in unlisted companies with no quoted price or active financial market. The fair value of these investments as of December 31, 2023, and December 31, 2022, was evaluated by Value Hub for Business Valuation & Partner Co, an independent Valuer accredited by the Saudi Authority for Accredited Valuers, under License No. 3912000013, using the market approach/multiples method.

Management expected to retain these financial assets in the upcoming years, with no intention to dispose of them within 12 months after the date of the financial statements. Therefore, they have been classified as non-current assets.

Fair value details are disclosed in Note 29.

**8. INSTALLMENT SALES CONTRACTS' DEBTORS**

The company's lease contract for its project in the Shri area includes the sale of property, plant, and equipment to Al Wataniya Poultry Company for 25 million Saudi Riyals, payable in annual instalments (25 instalments starting from March 1, 2016), with annual rental amount of one million Saudi Riyals. The balance of instalment sales contracts' debtors is as follows:

	<b>December 31, 2023</b>	December 31, 2022
Non-current portion	<b>11,289,343</b>	11,743,819
Current portion	<b>454,476</b>	432,835
	<b><u>11,743,819</u></b>	<u>12,176,654</u>

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**9. INVESTMENT IN FINANCE LEASE CONTRACTS**

The Company entered into a lease contract with the Al Wataniya Poultry Company, by leasing its two projects in the Shri area (the agricultural project and the poultry project) for a period of 25 years, starting on March 1, 2016, and ending on February 28, 2042.

The lease contract is classified as an operating lease for the land and palm trees and a finance lease for the buildings and equipment.

The balance of investment in finance lease contracts is as follows:

	<b>December 31, 2023</b>	December 31, 2022
Investment in finance lease contracts - non-current portion	<b>124,182,775</b>	129,182,008
Investment in finance lease contracts - current portion	<b>4,999,233</b>	4,761,173
	<b>129,182,008</b>	133,943,181
<b>Less:</b> Provision of expected credit losses	-	(3,000,000)
	<b>129,182,008</b>	130,943,181

The movement in provision of expected credit Loss for the years ended December 31 is as follows:

	<b>2023</b>	2022
As at January 1	<b>3,000,000</b>	-
(Reversal) Provision of expected credit losses	<b>(3,000,000)</b>	3,000,000
As at December 31	-	3,000,000

**10. INVENTORIES**

	<b>December 31, 2023</b>	December 31, 2022
Spare parts	<b>745,350</b>	3,660,035
Packing materials	<b>469,322</b>	739,812
Other materials	<b>6,356</b>	6,517
	<b>1,221,028</b>	4,406,364
<b>Less:</b> Provision of obsolete or slow-moving inventories	<b>(1,185,149)</b>	(4,287,748)
	<b>35,879</b>	118,616

The movement in provision of obsolete or slow-moving inventories for the years ended December 31 are as follows:

	<b>2023</b>	2022
As at January 1	<b>4,287,748</b>	4,263,451
Charged during the year	-	63,321
Write-off	<b>(3,102,333)</b>	(39,024)
Provision no longer required	<b>(266)</b>	-
As at December 31	<b>1,185,149</b>	4,287,748

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	Write-off		<u>(6,429,468)</u>
<b>12. PREPAID EXPENSES AND OTHER DEBIT BALANCES</b>	As at December 31		<u><b>3,638,277</b></u>
		<b>December 31,</b>	December 31,
		<b>2023</b>	<b>2022</b>
Advances to suppliers		<b>776,002</b>	766,551
Interest receivable on Murabaha Deposit		<b>489,699</b>	15,527
Prepaid expenses		<b>203,243</b>	190,400
Value added tax		<b>106,298</b>	80,443
Employee payables		<b>70,734</b>	34,264
Refundable insurance		<b>13,000</b>	13,000
Other debit balances		<b>300,443</b>	300,622
		<b>1,959,419</b>	1,400,807
<b>Less:</b> Provision of impairment in debit balances		<b>(841,928)</b>	(842,416)
		<b>1,117,491</b>	558,391

The movement in provision of impairment in debit balances for the years ended December 31 are as follows:

	<b>2023</b>	2022
As at January 1	<b>842,416</b>	1,016,840
Write-off	<b>(488)</b>	(174,424)
As at December 31	<b>841,928</b>	842,416

**13. CASH AND CASH EQUIVALENTS**

	<b>December 31,</b>	December 31,
	<b>2023</b>	<b>2022</b>
Cash at banks	<b>3,064,688</b>	11,627,353
Murabaha deposit short-term *	<b>41,000,000</b>	-
	<b>44,064,688</b>	11,627,353

\* Time deposits are held by commercial banks and yield finance income at prevailing market rates. The Company obtained income from these Murabaha deposits during the year ended December 31, 2023, which amounted to SR 1,702,010 (2022: SR 15,527) (Note 25).

**14. SHARE CAPITAL**

The Company's issued and paid share capital is SR 300 million divided into 30 million equal shares at SR 10 per share.

**15. STATUTORY RESERVE**

The new Saudi Companies' regulations which became effective on 19 January 2023 don't require maintaining a statutory reserve which was required in the previous companies' regulation. The Company is in the process of updating its bylaws to align it with the new companies' regulations. On October 19, 2023, the Extraordinary General Assembly approved the transfer of the balance of the statutory reserve as of December 31, 2022, amounting to SAR 1,168,140, to offset against the accumulated losses.

**16. EMPLOYEES' DEFINED BENEFITS OBLIGATION**

The movement in employee defined benefits obligation, a defined benefit plan, during the years ended December 31 are as follows:

<b>2023</b>	2022
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Actuarial remeasurement charged to OCI	<b>90,847</b>	(219,593)
Paid	-	(610,896)
As at December 31	<b>892,812</b>	623,316

The expense charged to profit or loss comprise of:

	<b>2023</b>	2022
Current service cost	<b>121,879</b>	210,127
Finance cost	<b>56,770</b>	47,752
Expense charged to profit or loss	<b>178,649</b>	257,879

**Significant actuarial assumptions**

	<b>2023</b>	2022
Discount rate used	<b>4.51%</b>	4,35%
Salary increase rate	<b>2.00%</b>	2,00%
Rates of employee turnover	<b>Average</b>	Average

**Sensitivity analysis of key actuarial assumptions are as follows:**

	<b>2023</b>		2022	
	<b>%</b>	<b>SR</b>	<b>%</b>	<b>SR</b>
<b>Discount rate</b>				
Increase	<b>+1%</b>	<b>1,422,752</b>	+1%	1,222,660
Decrease	<b>-1%</b>	<b>1,549,893</b>	-1%	1,352,535
<b>Salary growth rate</b>				
Increase	<b>+1%</b>	<b>1,561,136</b>	+1%	1,362,333
Decrease	<b>-1%</b>	<b>1,411,311</b>	-1%	1,212,680

**17. DEFERRED REVENUE**

The Company received a letter on Shawwal 23, 1441 corresponding to June 15, 2020, from the Ministry of Environment, Water and Agriculture indicating the issuance of the Royal Decree approving the ownership of an area of 74,043,400 square meters of land granted to Al Gassim Investment Holding Company, This was based on Royal Decree No. 1305 dated 24/6/1409 AH, previously recognized by the company as a restricted government grant (deferred revenue) amounting to SAR 58 million. This grant represents the 116 million square meters of land that the company has renovated. The Company didn't recognize revenues from this government grant until the completion of the regulatory procedures for the transfer of ownership under the name of the Company.



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**18. STOCK SALE SURPLUS AND UNPAID PROFITS FROM SHARES**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Stock sale surplus	<b>45,033,921</b>	45,109,899
Unpaid profits from shares	<b>6,097,732</b>	6,098,795
	<b><u>51,131,653</u></b>	<u>51,208,694</u>

**18-1 Stock sale surplus**

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

The movement in stock sale surplus for the years ended December 31 is as follows:

	<u>2023</u>	<u>2022</u>
As at January 1	<b>45,109,899</b>	45,177,395
Payments during the year	<b>(75,978)</b>	(67,496)
As at December 31	<b><u>45,033,921</u></b>	<u>45,109,899</u>

**18-2 Unpaid profit from shares**

The unpaid profit from shares represents dividends for previous years, and these amounts didn't pay to them, the movement in unpaid profit from shares for the years ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
As at January 1	<b>6,098,795</b>	6,103,741
Payments during the year	<b>(1,063)</b>	(4,946)
As at December 31	<b><u>6,097,732</u></b>	<u>6,098,795</u>

**19. UNDERWRITING CREDITORS**

The amounts owed to shareholders for underwriting creditors, which were allocated to them, amounted to SR 1,365,535 as at December 31, 2023 (2022: SR 1,365,535)

**20. ACCRUED EXPENSES AND OTHER CREDIT BALANCES**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Employees accrued expenses	<b>1,077,929</b>	1,121,421
Advance from customers	<b>642,416</b>	642,415
Accrued remunerations	<b>391,087</b>	224,623
Accrued expenses	<b>58,876</b>	53,074
Other credit balances	<b>472,952</b>	1,088,663
	<b><u>2,643,260</u></b>	<u>3,130,196</u>

**21. ZAKAT PAYABLE**

**Basis for Zakat**

The Company is subject to zakat at 2.5% of the approximate zakat base or adjusted net profit, whichever is higher. The most significant components of the zakat base according to zakat regulations principally comprise of equity and provisions as at the beginning of the year and the adjusted net profit, less a deduction for the net book value of non-current assets.

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**21. ZAKAT PAYABLE** (Continued)

The movement of zakat payable for the years ended December 31, is as follows:

	<u>2023</u>	<u>2022</u>
As at January 1	14,538,528	7,757,881
Charged for the year	4,802,019	1,835,802
Zakat related to previous periods	5,467,797	6,424,275
Paid during the year	<u>(3,174,891)</u>	<u>(1,479,430)</u>
As at December 31	<u>21,633,453</u>	<u>14,538,528</u>

**Status of zakat certificates and assessments**

The Company submitted its Zakat returns to "ZATCA" till 2022. The Company has obtained a Zakat certificate for these years.

The following table shows the Company status of the open zakat assessments for previous years:

<u>Periods</u>	<u>Zakat Status</u>	<u>Net Zakat Assessments</u>
2014 to 2015	The Zakat assessment was received, and the company filed an objection against the Zakat assessment, appealing the items that were not approved by the Disputes Committee for Resolution. A final decision was issued by the authority for the year 2014. The company is still waiting for the decision of the appeals committee for the year 2015.	300,728
2016 to 2017	The Zakat assessment was received, and the company objected to it, filing an appeal. The Appeals Committee issued a decision rejecting the appeal. The company's management requested a new appeal to reconsider the Appeals Committee's decisions, but no decision has been issued to date.  The company paid 20% of the total liability to be eligible to request an instalment payment for 36 months. However, the authority approved an instalment payment for only 12 months. The company reapplied for a 36-month instalment plan to the authority, and the first instalment was paid according to the current schedule until the authority reviewed the rescheduling request.	5,198,993
2018	The Zakat assessment was received, and the company objected to it by filing an appeal and reconsideration. However, all requests were rejected, and the Zakat liability for the year 2018 became final. There is no further recourse for appeal.	3,745,135
2019 to 2020	The Zakat assessment was received, and the company objected to it by filing an appeal with the Appeals Committee. No date has been set with the Appeals Committee to date, and the assessment is still in the technical study stage.	5,898,314

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**21. ZAKAT PAYABLE** (Continued)

**Status of zakat certificates and assessments** (Continued)

<u>Periods</u>	<u>Zakat Status</u>	<u>Net Zakat Assessments</u>
2021 to 2022	The Authority issued a preliminary assessment with the amount of 6,753,053 SR, to which the company objected to assessment, and no final assessment has been issued to date. The company's management has decided to record provisions for these years' assessments by 25% of the total received amounts as a precautionary measure to address any potential discrepancies that may arise upon receiving the final assessment for those years.	1,688,264

The Zakat payable as at December 31 comprises the following:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Zakat payable for the year	<b>4,802,019</b>	1,835,802
Zakat assessment payable for previous years	<b>16,831,434</b>	12,702,726
	<b><u>21,633,453</u></b>	<b><u>14,538,528</u></b>

**22. REVENUE**

	<u>2023</u>	<u>2022</u>
Finance lease interests	<b>6,805,992</b>	7,053,325
Operating lease income	<b>3,600,000</b>	3,600,000
Dates sales	<b>60,261</b>	208,696
	<b><u>10,466,253</u></b>	<b><u>10,862,021</u></b>

The Dates sales are recognized at a point in time

**23. COST OF REVENUE**

	<u>2023</u>	<u>2022</u>
Depreciation of property, plant and equipment (Notes 5)	<b>1,318,945</b>	1,377,151
Employee benefits	<b>72,030</b>	96,648
Inventory supplies	<b>35,054</b>	79,907
Depreciation of investments properties (Notes 6)	<b>31,673</b>	31,673
Governmental fees	<b>3,020</b>	10,350
Maintenance and spare parts	<b>1,788</b>	9,086
Provision of obsolete and slow-moving inventories (Notes 10)	-	63,321
Others	<b>50,435</b>	53,170
	<b><u>1,512,945</u></b>	<b><u>1,721,306</u></b>

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**24. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>2023</u>	<u>2022</u>
Employee benefits	<b>3,018,399</b>	3,250,355
Professional and consulting fees	<b>1,066,602</b>	1,813,856
Depreciation of property, plant and equipment (Notes 5)	<b>834,691</b>	1,066,699
Remuneration for BOD and committees	<b>482,000</b>	302,000
Maintenance, spare parts and fuels	<b>44,337</b>	61,223
Post, phone and electricity	<b>39,702</b>	45,929
Governmental fees	<b>109,832</b>	222,214
Advertising and marketing	<b>6,081</b>	9,264
Others	<b>68,416</b>	52,259
	<b><u>5,670,060</u></b>	<b><u>6,823,799</u></b>

**25. OTHER INCOME**

	<u>2023</u>	<u>2022</u>
Interest income from Murabaha deposit	<b>1,702,010</b>	15,527
Gain / (loss) on disposal of property, plant and equipment	<b>539,656</b>	(445,566)
Scrap revenue	<b>15,841</b>	8,855
Reversal of impairment of property, plant and equipment	<b>50,338</b>	-
Other income	<b>123,574</b>	528,284
	<b><u>2,431,419</u></b>	<b><u>107,100</u></b>

**26. (LOSS) EARNING PER SHARE**

Basic (loss) earnings per share are calculated by dividing the net (loss) profit of the period attributable to shareholders by the weighted average number of outstanding ordinary shares during the year. There were no outstanding diluted shares at any time during the year, Therefore, the diluted (loss) earnings per share equals the basic (loss) earnings per share.

	<u>2023</u>	<u>2022</u>
(Loss) profit attributable to shareholders (Saudi Riyals)	<b>(6,713,311)</b>	7,049,432
Weighted average number of outstanding shares during the year (Number of shares)	<b>30,000,000</b>	30,000,000
<b>Basic and diluted (loss) earnings per share</b>	<b><u>(0.224)</u></b>	<b><u>0.235</u></b>

**27. TRANSACTIONS WITH RELATED PARTIES**

The company did not have any transactions with related parties during the year ended December 31, 2023, and December 31, 2022.

Compensation of key management personnel of the Company is as follows:

	<u>2023</u>	<u>2022</u>
Short-term employees' benefits	<b>1,121,348</b>	889,248
Remuneration for BOD and committees	<b>482,000</b>	302,000
Employees' termination benefits	<b>49,902</b>	47,227
	<b><u>1,653,250</u></b>	<b><u>1,238,475</u></b>

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**28. CONTINGENT ASSETS**

- During the previous years, Al Gassim Investment Holding Co. had previously authorized the former board member (Abdullah Al-Mahous) to complete the procedures for issuing title deeds for outstanding agricultural ministerial decisions, which are the remaining title deeds to complete the sale contract of the company's agricultural project in Al-Jouf region with Fakieh Poultry Farms Co. According to this Al Gassim Investment Holding Co. was to receive the outstanding dues amounted to 1,840,000 SR in return for obtaining and registering the title deed. However, the former board member (Abdullah Al-Mahous) obtained and registered the title deed under his personal name and refused to transfer the property to Fakieh Poultry Farms Co. despite being authorized to do so by the Board of Directors.

Fakieh Poultry Farms Co. filed a lawsuit against Abdullah Al-Mahous seeking a court ruling that the land belongs to it. Al Gassim Investment Holding Co. was joined in the case by a court order, confirming the validity of the lawsuit and that Fakieh Poultry Farms Company is the owner of the disputed land. On 18/4/1445H, the final decision was issued ruling that Fakieh Poultry Farms Co. is the owner of the land and obligated the defendant to transfer the title deed to Fakieh Poultry Farms Co.

Al Gassim Investment Holding Co. expects to receive 1,840,000 SAR from Fakieh Poultry Farms Co. upon transfer of the title deed to them.

- The Company's lawsuit against Al-Bandariya Group, is financial, and the due amount is (SR 27,828,162) Twenty-seven million eight hundred twenty-eight thousand one hundred and sixty-two Saudi Riyals from Al-Bandariya Group, the lawsuit is valid before the Commercial Court in Riyadh, and a sentence has been issued in favour of the company obliging the defendant to pay the aforementioned amount on 14/5/1439H, corresponding to 31/1/2018. The sentence is final in favour of the company. The judgment deed was submitted as an executive bond before the Execution Court. The defendant submitted a request for reconsideration in the judgment on 14/05/1440 H, and the petition was rejected, but the plaintiff appealed the rejection judgment on 18/02/1442 H, and it was also rejected, except that the defendant submitted another request, on 11/08 / 1442 H, and a session date was set on 5/4/1443 H, corresponding to November 11, 2021. A decision was issued by the Court of Appeal to suspend the implementation of the sentence until a decision is made on accepting the petition or not. An appointment was set for considering the case on 15/11/1443 H. After several sessions and on 28/2/1443 H, the First Appeal circuit has issued its sentence to suspend the implementation of the ruling of the Second Commercial Circuit in the Commercial Court in Riyadh issued on 14/05/1439 H, and the judge obliged the defendants, together, to pay for the Qassim Agricultural Company an amount of SR. 27,828,162, and after holding several sessions of pleading and deliberation until the date of the session of 7/4/1444 H, the First Appeal circuit issued the operative part of its ruling to cancel the decision of the Fifteenth Circuit in the Execution Court, which was included in its sentence issued on 1/2/ 1443 H mentioned above and supported the judgment issued by the Second Commercial circuit, dated on 19/01/1442 H. stating to reject the petition submitted by the defendant for the reasons explained, and the sentence was received on 15/04/1444 H, The ruling is in favour of the company, and there was execution to implement Article 46 of the Enforcement Law against the defendant, Al-Bandariya Group.



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**29. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS**

**29-1 Fair value measurements of financial instruments**

The table below shows carrying amounts and fair values of financial assets and liabilities except cash and cash equivalents including their levels in the fair value hierarchy. They do not include fair value information for financial assets and liabilities that are not measured at fair value if the carrying amount reasonably approximates the fair value.

<b>As at December 31, 2023</b>	<b>Carrying amount</b>		<b>Fair value</b>		
	<b>Fair value</b>	<b>Amortized cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>					
Financial assets at FVTPL	<b>17,536,786</b>	-	-	<b>17,536,786</b>	-
Trade receivables	-	<b>594,935</b>	-	-	-
Other debit balances	-	<b>807,950</b>	-	-	-
Installment sales contracts debtors	-	<b>11,743,819</b>	-	-	-
Investment in finance lease contracts	-	<b>129,182,008</b>	-	-	-
	<b>17,536,786</b>	<b>142,328,712</b>	-	<b>17,536,786</b>	-
<b>Financial Liabilities</b>					
Trade payables	-	<b>716,822</b>	-	-	-
Accrued expenses and other credit balances	-	<b>2,000,844</b>	-	-	-
Stock sale surplus and unpaid profits from shares	-	<b>51,131,653</b>	-	-	-
Underwriting creditors	-	<b>1,365,535</b>	-	-	-
	-	<b>55,214,854</b>	-	-	-
<b>As at December 31, 2022</b>					
<b>Financial assets</b>					
Financial assets at FVTPL	15,144,754	-	-	15,144,754	-
Trade receivables	-	1,210,668	-	-	-
Other debit balances	-	287,548	-	-	-
Murabaha deposit short-term	-	25,000,000	-	-	-
Installment sales contracts debtors	-	12,176,654	-	-	-
Investment in finance lease contracts	-	130,943,181	-	-	-
	15,144,754	169,618,051	-	15,144,754	-
<b>Financial Liabilities</b>					
Trade payables	-	759,983	-	-	-
Accrued expenses and other credit balances	-	2,487,781	-	-	-
Stock sale surplus and unpaid profits from shares	-	51,208,694	-	-	-
Underwriting creditors	-	1,365,535	-	-	-
	-	55,821,993	-	-	-

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**29. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)**

**29-2 Risk Management of Financial Instruments**

The Company's activities expose it to a variety of financial risks, credit risk, liquidity risk, market price risk, currency risk and interest rate risk.

**Credit Risk**

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on its trade receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The Company does not hold collateral against this instrument.

The Company seeks to limit its credit risk with respect to trade receivables by setting credit limits for individual customers and by monitoring outstanding balances on an ongoing basis. The receivable balances are monitored with the result that the Company's exposure to bad debts is not significant.

Bank balances are held with banks with sound credit ratings.

The balances of trade receivables and cash at banks as at December 31, 2023 are as follows:

	<b>December 31, 2023</b>	December 31, 2022
Trade receivables	<b>4,233,212</b>	8,484,853
Cash at banks and Murabaha deposits	<b>44,064,688</b>	36,627,353
	<b>48,297,900</b>	45,112,206

**Liquidity Risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities.

	<b>Carrying amount</b>	<b>Less than 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>
<b>As at December 31, 2023:</b>				
Trade payables	<b>716,822</b>	<b>716,822</b>	-	-
Accrued expenses and other credit balances	<b>2,000,844</b>	<b>2,000,844</b>	-	-
Stock sale surplus and unpaid profits from shares	<b>51,131,653</b>	<b>51,131,653</b>	-	-
Underwriting creditors	<b>1,365,535</b>	<b>1,365,535</b>	-	-
	<b>55,214,854</b>	<b>55,214,854</b>	-	-
<b>As at December 31, 2022:</b>				
Trade payables	759,983	759,983	-	-
Accrued expenses and other credit balances	2,487,781	2,487,781	-	-
Stock sale surplus and unpaid profits from shares	51,208,694	51,208,694	-	-
Underwriting creditors	1,365,535	1,365,535	-	-
	55,821,993	55,821,993	-	-

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**29. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)**

**29-2 Risk Management of Financial Instruments (Continued)**

**Market Risk**

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Company's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**- Currency Risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that's not the Company's currency. The Company's exposure to foreign currency risk is primarily limited to transactions in United States dollars ("USD"). The Company's management believes that their exposure to currency risk associated with USD is limited as the Company's currency Saudi Riyal is pegged to USD. The fluctuation in exchange rates against other currencies is monitored continuously.

**- Interest Rate Risk**

Interest rate risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. As at December 31, 2023, the Company did not have any financial assets or liabilities with variable interest rates (2022: Nil).

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**30. RESTATEMENT OF PRIOR YEARS**

**30-1 The following are the adjustments made to the statement of financial position as of January 1, 2022:**

	Note	January 01, 2022 (Before adjustment)	Adjustments	January 01, 2022 (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant, and equipment	B	28,191,891	30,006,246	58,198,137
Investment Properties	B	224,082,091	(30,006,246)	194,075,845
Financial assets at fair value through profit or loss	B	-	15,034,407	15,034,407
Installment sales contracts' debtors - non-current portion	A	11,689,588	487,066	12,176,654
Investment in finance lease contracts - non-current portion	A	139,585,454	5,539,105	145,124,559
		<u>403,549,024</u>	<u>21,060,578</u>	<u>424,609,602</u>
<b>Current Assets</b>				
Inventories		193,830	-	193,830
Trade receivables		617,246	-	617,246
Installment sales contracts' debtors - current portion	A	395,734	16,489	412,223
Investment in finance lease contracts - current portion		4,353,074	-	4,353,074
Prepaid expenses and other debit balances		2,749,275	-	2,749,275
Financial assets at fair value through profit or loss	B	15,034,407	(15,034,407)	-
Murabaha deposit short-term		-	-	-
Cash and cash equivalents		19,108,209	-	19,108,209
		<u>42,451,775</u>	<u>(15,017,918)</u>	<u>27,433,857</u>
		<u>446,000,799</u>	<u>6,042,660</u>	<u>452,043,459</u>
<b>Total assets</b>				
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		300,000,000	-	300,000,000
Statutory reserve		443,410	-	443,410
Re-measurement of employees' defined benefit obligations	B	134,808	(134,808)	-
(Accumulated losses) Retained earnings	A , B	(10,725,345)	6,177,468	(4,547,877)
		<u>289,852,873</u>	<u>6,042,660</u>	<u>295,895,533</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' defined benefits obligation		1,195,926	-	1,195,926
Deferred revenue		58,000,000	-	58,000,000
		<u>59,195,926</u>	<u>-</u>	<u>59,195,926</u>
<b>Current liabilities</b>				
Stock sale surplus and unpaid profits from shares		51,281,136	-	51,281,136
Investment properties' purchase payable		33,438,374	-	33,438,374
Underwriting creditors		1,365,535	-	1,365,535
Trade payables		887,503	-	887,503
Accrued expenses and other credit balances		2,221,571	-	2,221,571
Zakat payable		7,757,881	-	7,757,881
		<u>96,952,000</u>	<u>-</u>	<u>96,952,000</u>
		<u>156,147,926</u>	<u>-</u>	<u>156,147,926</u>
<b>Total liabilities</b>		<u>156,147,926</u>	<u>-</u>	<u>156,147,926</u>
<b>Total equity and liabilities</b>		<u>446,000,799</u>	<u>6,042,660</u>	<u>452,043,459</u>

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**30. RESTATEMENT OF PRIOR YEARS (Continued)**

**30-2 The following are the adjustments made to the statement of financial position as of December 31, 2022:**

	Note	December 31, 2022 (Before adjustment)	Adjustments	December 31, 2022 (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant, and equipment	B	27,056,608	28,394,138	55,450,746
Investment Properties	B	208,954,585	(28,394,138)	180,560,447
Financial assets at fair value through profit or loss	B	-	15,144,754	15,144,754
Installment sales contracts' debtors - non-current portion	A	11,274,067	469,752	11,743,819
Investment in finance lease contracts - non-current portion	A	121,014,728	5,167,280	126,182,008
		<u>368,299,988</u>	<u>20,781,786</u>	<u>389,081,774</u>
<b>Current Assets</b>				
Inventories		118,616	-	118,616
Trade receivables		1,210,668	-	1,210,668
Installment sales contracts' debtors - current portion	A	415,521	17,314	432,835
Investment in finance lease contracts - current portion	A	4,570,726	190,447	4,761,173
Prepaid expenses and other debit balances		558,391	-	558,391
Financial assets at fair value through profit or loss	B	15,144,754	(15,144,754)	-
Murabaha deposit short-term		25,000,000	-	25,000,000
Cash and cash equivalents		11,627,353	-	11,627,353
		<u>58,646,029</u>	<u>(14,936,993)</u>	<u>43,709,036</u>
<b>Total assets</b>		<u>426,946,017</u>	<u>5,844,793</u>	<u>432,790,810</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		300,000,000	-	300,000,000
Statutory reserve		1,168,140	-	1,168,140
Re-measurement of employees' defined benefit obligations	B	354,401	(354,401)	-
(Accumulated losses) Retained earnings	A , B	(4,202,776)	6,199,194	1,996,418
		<u>297,319,765</u>	<u>5,844,793</u>	<u>303,164,558</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' defined benefits obligation		623,316	-	623,316
Deferred revenue		58,000,000	-	58,000,000
		<u>58,623,316</u>	<u>-</u>	<u>58,623,316</u>
<b>Current liabilities</b>				
Stock sale surplus and unpaid profits from shares		51,208,694	-	51,208,694
Investment properties' purchase payable		-	-	-
Underwriting creditors		1,365,535	-	1,365,535
Trade payables		759,983	-	759,983
Accrued expenses and other credit balances		3,130,196	-	3,130,196
Zakat payable		14,538,528	-	14,538,528
		<u>71,002,936</u>	<u>-</u>	<u>71,002,936</u>
<b>Total liabilities</b>		<u>129,626,252</u>	<u>-</u>	<u>129,626,252</u>
<b>Total equity and liabilities</b>		<u>426,946,017</u>	<u>5,844,793</u>	<u>432,790,810</u>

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**30. RESTATEMENT of YEARS (Continued)**

**30-3 The following are the adjustments made to the statement of profit or loss and other comprehensive income for the year ended December 31, 2022:**

	Notes	2022 (Before adjustment)	Adjustments	2022 (Restated)
Revenue	A	11,059,888	(197,867)	10,862,021
Cost of revenue		(1,721,306)	-	(1,721,306)
<b>Gross profit</b>		<u>9,338,582</u>	<u>(197,867)</u>	<u>9,140,715</u>
Selling and distribution expenses	B	(2,400)	2,400	-
General and administrative expenses	B	(6,821,399)	(2,400)	(6,823,799)
Impairment reversal of investment properties		19,062,626	-	19,062,626
Loss on disposal of investment properties	B	(217,077)	217,077	-
Provision expected credit losses	B	(3,000,000)	3,000,000	-
Provision expected credit losses	B	(3,624,980)	(3,000,000)	(6,624,980)
<b>Operating profit</b>		<u>14,735,352</u>	<u>19,210</u>	<u>14,754,562</u>
Revaluation of financial assets at fair value through profit or loss		110,347	-	110,347
Dividends income from financial assets at fair value through profit or loss		337,500	-	337,500
Loss on disposal of property, plant and equipment	B	(228,489)	228,489	-
Other income	B	552,666	(445,566)	107,100
<b>Profit before zakat</b>		<u>15,507,376</u>	<u>(197,867)</u>	<u>15,309,509</u>
Zakat		(8,260,077)	-	(8,260,077)
<b>Profit for the year</b>		<u>7,247,299</u>	<u>(197,867)</u>	<u>7,049,432</u>
<b>Other Comprehensive Income:</b>				
<u>Items that will not be reclassified to profit or loss:</u>				
Re-measurement of employees' defined benefits obligation		219,593	-	219,593
<b>Other comprehensive income for the year</b>		<u>219,593</u>	<u>-</u>	<u>219,593</u>
<b>Total comprehensive income for the year</b>		<u>7,466,892</u>	<u>(197,867)</u>	<u>7,269,025</u>
<b>Basic and diluted earnings per share</b>		<u>0.242</u>	<u>(0.007)</u>	<u>0.235</u>

**30-4 The following are the adjustments made to the statement of cash flows for the year ended December 31, 2022, which resulted from the reclassification of comparative figures:**

	2022 (Before adjustment)	Adjustments	2022 (Restated)
Operating activities	18,013,743	(337,502)	17,676,241
Investing activities	(25,422,157)	337,502	(25,084,655)
Financing activities	(72,442)	-	(72,442)
<b>Net changes in cash and cash equivalents during the year</b>	<u>(7,480,856)</u>	<u>-</u>	<u>(7,480,856)</u>

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#### **30. RESTATEMENT of YEARS (Continued)**

**30-5 The following are the significant adjustments made to the statement of financial position as of December 31, 2022, and January 1, 2022, and the statement of profit or loss and other comprehensive income for the year ended December 31, 2022**

- A- The company calculated the present value for the finance lease and Installment sales contracts at the total contract value without deducting the first installment from the lease amount, which has been paid at the commencement of the contract; Hence the accounting error has been corrected excluding that amount and recalculating the present value of the contract according to the date of installments' payment. The interest calculation of the finance lease contract has been corrected based on the finance lease contract recalculation and instalment sale mentioned above.
- B- Certain comparative figures of the prior periods were reclassified to conform with the presentation figures for the current period.

#### **31. CONTINGENT LIABILITIES**

The contingent liabilities are as follows:

- There is a legal dispute between the company and the Branch of the Ministry of Environment, Water and Agriculture (the "Ministry's Branch") in the Al Qassem Regin, which relates to the cancellation of the negative decision represented in refraining the Ministry's Branch to submit a request to the high commissioner about the Company's ownership to the entire land that has been renovated and handed over to the Company. An approval has been issued by the high commissioner stating the company's ownership of 74 million square meters only of the total land amounting to 116 million square meters. With reference to that upon the presumption of the Company's loss of the lawsuit, this will materially affect the company, that the disputed land is correlated with lease revenues contracts, which have been held by the Company with other parties, as this is considered as a main income source to the company and the expected losses will be identified only upon the final dismantling of that lawsuit. On March 30 2021 (corresponding to 17/08/1442 H), a sentence has been issued stating to not accept the lawsuit No. (228) for year 1442H, the Company has objected to the ruling before the administrative appeal court, the lawsuit has been filed with a No.446/1442 in the Administrative Appeal Court in Al Qassem region, which has issued a sentence stating to cancel the issued ruling on March 30, 2021, corresponding to 17/08/1442 H, relating to the lawsuit No. (228) for year 1442H, which stated to not accept the lawsuit and to cancel the negative resolution of the Ministry of The Environment, Water And Agriculture, represented in refraining the ministry to referral the company's grievance of non-wholly land-owning that has been revived to the committee stipulated in article 10 of the Wasteland Distribution Law, the sentence has been received in 03/03/1443H and a request has been submitted to file the lawsuit before the committee but the response has not been received to date. On 02/07/1444 H, the High Administrative Court requested the defendant to complete the data and the documents within 30 days, The lawsuit's date has been set with the Administrative Appeal Court on 20/09/1444 H. The objection submitted by the Ministry on the issued sentence from the Administrative Appeal Court in the Al Qassem Region has been accepted to break the objected sentence and refer that to the Appeal Court in the Al Qassem Region to dismantle again. The upcoming session has been set for Shawal 20, 1444 H at the Appeal Court in the Al Qassem Region and the sentence has been issued by the Appeal Court in Al Qassem Region stating that the filed lawsuit is accepted in form and supports the sentence of the First Circuit in The Administrative Court in Buraida, dated in 17/08/1442 H, stating to not accept the filed lawsuit by the Company against the Branch of the Ministry of Environment, Water and Agriculture in Al Qassem Region, the appropriate measures will be taken in order to own the remaining area of the revived land upon receiving the sentence deed. The Company has raised a grievance before the Committee of the disputed wastelands at the Ministry of Environment, Water and Agriculture on May 31, 2023, and is being considered by the respective Committee.
- On May 18, 2021, the Company received a letter from the Ministry of Environment, Water and Agriculture, dated Ramadan 24, 1442H, regarding the Sheri land, in which the Ministry hopes to pay the rent for the encroached area, which the Company revived from the date of seizure until the date of Ramadan 24, 1442H to the state treasury in favour of the Ministry, and since there is an existing disagreement from the Company against the Branch of the Ministry of Environment, Water and Agriculture, in which the Company requests to cancel the negative resolution represented in that the ministry refrains to submit the request to the high commissioner by requesting the Company's ownership of the entire area that the Company has revived from the land received. Therefore, the Ministry is not entitled to request the rent before deciding whether the company owns the land or not. The company objected to the decision on July 14, 2021.

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**32. SEGMENT INFORMATION**

The Company has one business sector mainly represented in leasing investment properties and property, plant, and equipment. The Company's activity is in one geographical sector based in the Kingdom of Saudi Arabia.

**33. MATERIAL ACCOUNTING POLICIES**

The following are the material accounting policies applied by the Company in preparing its financial statements:

**FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The company engages valuers accredited by the Saudi Authority for Accredited Valuers.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**FOREIGN CURRENCIES**

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company at the spot rate ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.



**AL GASSIM INVESTMENT HOLDING COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE FINANCIAL STATEMENTS  
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**33. MATERIAL ACCOUNTING POLICIES (Continued)****PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Construction is in progress and lands are not depreciated. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Repair and maintenance costs are recognized in profit or loss as incurred.

Land is measured at cost, less any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

<b>Description</b>	<b>Depreciation rate</b>
Buildings	3-25%
Plant and equipment	7.5-25%
Vehicles	25%
Irrigation network	2.5-20%
Furniture and fixtures	10-25%
Agricultural machinery	7.5-10%
Fruitful trees	2.5%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**INVESTMENT PROPERTIES**

Investment properties are accounted for using the Cost Model consistent with the way property, plant and equipment are accounted for. Buildings and their components are depreciated on a straight-line basis over the estimated useful lives of 33.3 years.

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

**LEASES**

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control a particular asset or assets for a period of time in exchange for compensation.

**Company as a lessee****Short-term leases and leases of low-value assets**

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the statement of financial position for the Company as a whole. Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in profit or loss.

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**33. MATERIAL ACCOUNTING POLICIES (Continued)**

**Company as a lessor**

Leases, where the Company does not substantially transfer all risks and rewards of ownership, are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue once they are earned.

Leases that transfer substantially all the risks and rewards of ownership of an asset to the lessee are classified as finance leases. Upon commencement of the lease contract, the finance lease asset is recognized at its fair value or, if lower, at the present value of the minimum lease payments. This amount is presented as the net investment in finance leases on the balance sheet. Lease payments received are bifurcated between finance income and reduction of the net investment in the lease, aiming to achieve a constant periodic rate of return on the net investment.

**IMPAIRMENT OF NON-FINANCIAL ASSETS**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or the Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in profit or loss from continuing operations.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Such reversal is recognized in profit or loss.

**INVENTORIES**

Inventory is valued at cost or net realizable value, whichever is lower, and the cost is determined on the basis of the weighted average. Includes expenditures incurred to acquire the inventory, raw materials, production or conversion costs, and other costs incurred to bring the inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete the sale. Inventory movements are reviewed at the end of the year, and a provision for obsolete or expired inventory is made if necessary.

**FINANCIAL ASSETS**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as described below:

**Financial assets at amortized cost**

After initial measurement, financial assets at amortized cost are measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**33. MATERIAL ACCOUNTING POLICIES (Continued)**

**Derecognition**

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

When assessing expected credit losses for trade receivables, the company follows the simplified approach under International Financial Reporting Standard (IFRS) 9. The simplified approach does not require recognition of expected credit losses by tracking changes in credit risk. Instead, the company recognizes a loss allowance based on expected credit losses over the lifetime at the reporting date of each financial statement.

Financial assets are written off when it is no longer expected to recover the contractual cash flows reasonably.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the statement of financial position comprise cash at banks.

**PROVISIONS**

**General**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**EMPLOYEES' DEFINED BENEFITS OBLIGATION**

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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**33. MATERIAL ACCOUNTING POLICIES (Continued)**

**FINANCIAL LIABILITIES**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as described below:

**Loans and borrowings**

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged cancelled or expires.

**OFFSETTING OF FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts and an intent to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

**ACCOUNTS PAYABLE AND ACCRUALS**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

**REVENUE RECOGNITION**

The company recognizes revenue from contracts with customers in accordance with the five-step model outlined in International Financial Reporting Standard (IFRS) 15 "Revenue from Contracts with Customers".

Revenue is recognized when the performance obligation is fulfilled at the agreed-upon price. This is defined as the point in time when control of the goods is transferred to the customer, the amount of revenue can be reliably measured and collection is probable. Control is transferred to customers in accordance with the terms of the commercial contractual agreement.

Revenue represents the fair value of consideration received or receivable for goods sold net of returns, trade discounts, and allowances.

**Rental income from lease contracts**

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

**EXPENSES**

Expenses related to operations are allocated consistently to the cost of sales, and general and administration expenses in accordance with consistent allocation factors determined as appropriate by the Company.

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**33. MATERIAL ACCOUNTING POLICIES (Continued)**

**ZAKAT**

The Company provide for zakat in accordance with the regulations of the (ZATCA). The provision is charged to profit or loss.

**UNCERTAIN ZAKAT AND TAX POSITIONS**

Differences that may arise at the finalization of an assessment are accounted for when the assessment is finalized with ZATCA.

**VALUE ADDED TAX**

Revenues, expenses and assets are recognized net of the amount of value-added tax, except:

- Where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value-added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables are stated with the amount of value-added tax included.

The net amount of value-added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**34. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable when they become effective. The following new and amended standards and interpretations are not expected to have a material impact on the Company's financial statements:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Non-current liabilities with covenants
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IAS 21: Lack of exchangeability

**35. CAPITAL MANAGEMENT**

For the purpose of capital management, capital includes capital and all other equity reserves attributable to the shareholders of the Company. The primary objective of capital management is to maximize value to the shareholders.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions.

There have been no changes to the objectives, policies, and procedures related to capital management during the years ended December 31, 2023, and December 31, 2022.

**36. Subsequent events**

In the opinion of management, there are no significant events as of the reporting date that may require amendment or disclosure in these financial statements.

**37. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements have been approved by the Company's Board of Directors on Ramadan 20 ,1445H (corresponding to March 30, 2024).