

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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
WITH INDEPENDENT AUDITOR'S REPORT

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

FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2024

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INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

(1/6)

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Al Gassim Investment Holding Company (the "Company") as at 31 December 2024, 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 Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the financial statements of the Company, which comprise of the following:

- ▀ The statement of financial position as at 31 December 2024;
- ▀ The statements of profit or loss and comprehensive income for the year then ended;
- ▀ The statement of changes in equity for the year then ended;
- ▀ The statement of cash flows for the year then ended, and;
- ▀ The notes to the financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 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

**TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

(2/6)

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the key audit matter
Impairment of Investment Properties	
<p>As stated in the financial statements, As at 31 December 2024 investment properties amounted to SR 146,361,992 (2023: SR 175,359,640) which are presented in the statement of financial position at cost, net of accumulated depreciation and impairment if any.</p> <p>Investment properties are held to earn rentals for 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 impairment assessment testing of the investment properties requires significant estimates by the management, additionally to the materiality of the related amounts.</p> <p>Refer to material accounting policy information in note 3 for Investment Properties recognition policy, and note 6 for more detail of Investment Properties.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> ▀ Obtaining the valuation report provided by the real estate Valuer for those investment properties. ▀ 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 utilized to determine the fair values of investment properties. ▀ Comparing the fair value of the investment properties with their book values to ensure there are no indicators of impairment (if material) in the financial statements. ▀ Assessing the appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

(3/6)

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the key audit matter
Expected credit loss allowance against Investment in finance lease contracts	
<p>As stated in the financial statements, as at 31 December 2024 net Investment in finance lease contracts amounted to SR 124,182,772 against which an expected credit loss (“ECL”) allowance of SR 35,650,558 was maintained with a net investment of SR 88,532,214 (2023: SR 129,182,008).</p> <p>The determination of ECL involves significant management judgement. The key areas of judgement used by management to calculate the ECL include determining assumptions used in the ECL model for probability of default , loss given default and exposures at default including but not limited to the expected future cash flows, based on historic data in line with the requirements of (IFRS 9) Financial Instruments.</p> <p>We considered the measurement of the expected credit loss allowance to be a key audit matter due to the significant judgments, estimates, and assumptions involved, which are inherently uncertain.</p> <p>Refer to material accounting policy information in note 3 for Investment in finance lease contracts and Expected credit loss allowance against policies, and note 9 for more detail of Investment in finance lease contracts and Expected credit loss allowance against.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> ▀ Checking the design and implementation of the internal controls related to Investment in finance lease contracts and the follow up on the collection of these balances. ▀ Reviewing the expected credit losses study prepared by management for Investment in finance lease contracts and the adequacy of the provision formed. ▀ Evaluating interrelated inputs and assessing the reasonableness of assumptions used in the ECL model, including those used to determine probability of default, loss given default and exposures at default including but not limited to actual past performance and expected future cash flows. ▀ Assessing the appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY) REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

(4/6)

OTHER MATTER

The financial statements of the Company for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion with emphasis of matter on those financial statements on 21 Ramadan 1445H (corresponding to 31 March 2024) The emphasis of matter was as follows:

"With 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".

OTHER INFORMATION

Other information consists of the information included in the Company's 2024 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report, which 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF 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 the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

(5/6)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▀ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▀ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- ▀ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- ▀ Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's to cease to continue as a going concern.
- ▀ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF AL GASSIM INVESTMENT HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

(6/6)

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

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

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

From the matters communicated with those charged with governance, we determine 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.

**For PKF Al Bassam
Chartered Accountants**



Ahmed A. Mohandis
Certified Public Accountant
License No. (477)
Al Qassim: 11 Shawwal 1446 H
Corresponding to: 9 April 2025



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


STATEMENT OF FINANCIAL POSITION


AS AT 31 DECEMBER 2024

(Expressed in Saudi Arabian Riyals)

	<u>Note</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment, net	5	51,171,553	53,108,689
Investment properties, net	6	146,361,992	175,359,640
Financial assets at fair value through profit or loss	7	18,230,223	17,536,786
Installment sales contracts' debtors - non-current portion	8	10,812,143	11,289,343
Investment in finance lease contracts - non-current portion, net	9	84,789,966	124,182,775
TOTAL NON-CURRENT ASSETS		311,365,877	381,477,233
CURRENT ASSETS			
Inventories, net	10	34,124	35,879
Trade receivables, net	11	13,750	594,935
Installment sales contracts' debtors – current portion	8	477,200	454,476
Investment in finance lease contracts – current portion, net	9	3,742,248	4,999,233
Prepaid expenses and other debit balances, net	12	3,227,908	1,117,491
Cash and cash equivalents	13	89,402,337	44,064,688
TOTAL CURRENT ASSETS		96,897,567	51,266,702
TOTAL ASSETS		408,263,444	432,743,935
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	14	300,000,000	300,000,000
Retained earnings (accumulated losses)		6,658,901	(3,639,600)
TOTAL SHAREHOLDERS' EQUITY		306,658,901	296,360,400
<u>LIABILITIES</u>			
NON-CURRENT LIABILITIES			
Employees' defined benefits obligation	16	809,195	892,812
Deferred revenue	17	20,978,300	58,000,000
TOTAL NON-CURRENT LIABILITIES		21,787,495	58,892,812
CURRENT LIABILITIES			
Stock sale surplus and unpaid profits from shares	18	51,082,509	51,131,653
Underwriting creditors	19	1,365,535	1,365,535
Trade payables		716,832	716,822
Accrued expenses and other credit balances	20	2,913,779	2,643,260
Zakat payable	21	23,738,393	21,633,453
TOTAL CURRENT LIABILITIES		79,817,048	77,490,723
TOTAL LIABILITIES		101,604,543	136,383,535
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		408,263,444	432,743,935


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 31 DECEMBER 2024

(Expressed in Saudi Arabian Riyals)

	Note	2024	2023
Revenue	22	10,046,288	10,466,253
Cost of revenue	23	(1,560,921)	(1,512,945)
Gross profit		8,485,367	8,953,308
General and administrative expenses	24	(7,367,817)	(5,670,060)
Impairment reversal (losses) of investment properties	6	3,815,308	(5,169,134)
Revenue from government grants	17	37,021,700	-
Capital gains from the disposal of investment property	6	8,464,731	-
(Provision for) reversal of expected credit losses	12+11+9	(39,270,324)	206,440
Operating profit (loss)		11,148,965	(1,679,446)
Revaluation of financial assets at Fair Value through Profit or Loss (FVTPL)	7	693,437	2,392,032
Dividends income from financial assets at FVTPL	7	519,420	412,500
Other income	25	6,081,862	2,431,419
Profit before Zakat		18,443,684	3,556,505
Zakat	21	(8,205,652)	(10,269,816)
Net profit (loss) after Zakat		10,238,032	(6,713,311)
Other comprehensive income:			
<i>Items that will not be reclassified under profit or loss:</i>			
Re-measurement of employees' defined benefits obligation	16	60,469	(90,847)
Total comprehensive income (loss) for the year		10,298,501	(6,804,158)
Earnings (loss) per share to net income for the year:			
Basic and Diluted	26	0.341	(0.224)


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 31 DECEMBER 2024

(Expressed in Saudi Arabian Riyals)

	Note	Share capital	Statutory reserve	Retained earnings \\ (Accumulated Losses)	Total
2023					
Balance as in January 1, 2023		300,000,000	1,168,140	1,996,418	303,164,558
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)
Closing of Statuary Reserve with Accumulated Losses	15	--	(1,168,140)	1,168,140	--
Balance at 31 December 2023		<u>300,000,000</u>	<u>--</u>	<u>(3,639,600)</u>	<u>296,360,400</u>
2024					
Balance on January 1, 2024		300,000,000	-	(3,639,600)	296,360,400
Profit for the year		--	--	10,238,032	10,238,032
Other comprehensive income for the year		--	--	60,469	60,469
Total comprehensive income for the year		--	--	10,298,501	10,298,501
Balance at 31 December 2024		<u>300,000,000</u>	<u>--</u>	<u>6,658,901</u>	<u>306,658,901</u>


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 31 DECEMBER 2024

(Expressed in Saudi Arabian Riyals)

	Note	2024	2023
<u>OPERATING ACTIVITIES:</u>			
Net Profit before Zakat		18,443,684	3,556,505
Adjustment for:			
Depreciation of property plant and equipment	5	1,860,070	2,153,636
Depreciation of investment property	6	31,587	31,673
loss (gain) on disposal of property, plant and equipment	25	329,623	(539,656)
Dividends income from financial assets at FVTPL	7	(519,420)	(412,500)
(Reversal of) Provision for expected credit losses	12+11+9	(64,441)	(3,364,332)
(Reversal of) Provision for obsolete or slow-moving inventories		-	(266)
Reversal of impairment of property, plant and equipment		-	(50,338)
Capital gains from the disposal of investment property	6	(8,464,731)	-
Installment sales contracts' debtors Interest	8	(545,524)	(567,165)
Finance lease interests	9	(6,000,764)	(6,238,827)
Gain of Government Grant	17	(37,021,700)	-
Revaluation of financial assets at fair value through profit or loss	7	(693,437)	(2,392,032)
(Reversal of) Impairment losses of investment properties	6	(3,815,308)	5,169,134
Provision for expected credit losses	9+11	39,334,765	3,157,892
Provision for employees' defined benefits obligation	16	143,320	178,649
		3,017,724	682,373
Change in operation assets and liability			
Inventories		1,755	83,003
Trade receivables		111,311	980,065
Prepaid expenses and other debit balances		(2,040,497)	(559,100)
Trade payables		10	(43,161)
Accrued expenses and other credit balances		270,519	(486,936)
Cash generated from operating activities		1,360,822	656,244
Employees' defined benefits obligation paid	16	(166,468)	-
Zakat paid	21	(6,100,712)	(3,174,891)
Net cash used in operation activities		(4,906,358)	(2,518,647)
<u>INVESTING ACTIVITIES:</u>			
Proceeds from maturity of murabaha short-term deposit		-	25,000,000
Additions to properties, plant, and equipment	5	(309,950)	(8,103)
Proceeds from investment in finance lease contracts	9	7,842,108	7,842,108
Proceeds from accounts receivable from installment sale contracts	8	1,000,000	1,000,000
Proceeds from disposal of investment properties	6	41,246,100	-
Proceeds from disposal of property, plant and equipment		57,393	786,518
Proceeds from dividends income from financial assets at FVTPL		457,500	412,500
Net cash generated from investing activities		50,293,151	35,033,023


Financial Manager


Chief Executive Officer


Chairman of Board of Directors

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

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in Saudi Arabian Riyals)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
<u>FINANCING ACTIVITIES:</u>			
Payment of stock sale surplus and unpaid profits		<u>(49,144)</u>	<u>(77,041)</u>
Net cash used in financing activities		<u>(49,144)</u>	<u>(77,041)</u>
Net change in cash and cash equivalents during the year			
		45,337,649	32,437,335
cash and cash equivalents at beginning of year		<u>44,064,688</u>	<u>11,627,353</u>
Cash and cash equivalents at the end of the year		<u>89,402,337</u>	<u>44,064,688</u>
<u>NON-CASH TRANSACTIONS:</u>			
Accrued dividends payable from financial assets at FVTPL		(61,920)	-
Prepaid expenses and other debit balances	12	61,920	-
Investment in finance lease contracts		32,492,666	(6,157,892)
Trade receivables		3,157,892	3,157,892
Provision for expected credit losses	9	<u>(35,650,558)</u>	<u>3,000,000</u>



Financial Manager



Chief Executive Officer



Chairman of Board of Directors

The accompanying notes form an integral part of these financial statement

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in Saudi Arabian Riyals)

1. COMPANY AND MAIN 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 corresponding to September 25, 1985.

The registered address of the Company is building number 7756 King Salman 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

2/1 Statement of Compliance

The financial statements have been prepared on 31 December, 2024 in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants and articles of association of the company.

2/2 Basis of measurement

The financial statements have been prepared on the historical cost basis, unless IFRSs permit measurement using other valuation techniques.

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the amounts disclosed in the financial statements. These significant estimates and assumptions are disclosed in Note 4.

The Company financial statements are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Saudi riyals, which is the functional and presentation currency.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES

Mentioned below an overview of the significant accounting policies applied in the preparation of these financial statements, These policies are consistently applied to all periods presented, except for what is mentioned in the bases for preparation Note 2, unless otherwise stated.

3/1 New and amended IFRS standards issued and effective in the year 2024

The following amendments to standards relevant to the Company are effective for the annual periods beginning on or after January 1, 2024 (unless otherwise stated). The Company adopted these standards and / or amendments, however, there is no significant impact of these on the financial statements:

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/2 New and amended IFRS Standards issued but not yet effective

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

Amendments to standards	Description	Effective from accounting year beginning on or after	Summary of amendment
IAS 21	Lack of Exchangeability	January 1, 2025	<p>The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.</p> <p>The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.</p>
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026	<p>These amendments clarify financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date.</p> <p>They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features.</p> <p>Additionally, these amendments introduce new disclosure requirements and update others.</p>
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	<p>IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes.</p> <p>Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g. employee compensation), by function (e.g. cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.</p> <p>IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures (MPMs)* and eliminates classification options for interest and dividends in the statement of cash flows.</p>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**
(Expressed in Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/2 New and amended IFRS Standards issued but not yet effective (continued)

Amendments to standards	Description	Effective from accounting year beginning on or after	Summary of amendment
IFRS 19	Subsidiaries without Public Accountability	January 1, 2027	IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

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

**NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/3 Property, plant and equipment

Property, plant and equipment except lands owned by the company and properties work in progress are stated at cost less accumulated depreciation and impairment in value, if any. lands owned by the company and properties work in progress is valued at cost.

Depreciation is charged to income applying the straight-line method at the rates specified in the property, plant and equipment note.

Depreciation is recognized so that the cost of assets (except land under construction) less their residual value is written off over their useful lives using the straight-line method.

The estimated useful lives of assets will be depreciated as follow:

<u>Item</u>	<u>Depreciation rate</u>
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%

In respect of additions and disposals during the year, depreciation is charged from the months of acquisition or capitalization and up to the months preceding of disposal respectively.

Annual review of residual values and useful lives

The residual value of the asset is the current estimated amount that the Company can obtain from excluding the asset after deducting the estimated costs of exclusion if the asset has already reached the expected life and condition at the end of its useful life.

The residual values and useful lives of the assets are reviewed and adjusted, if necessary, at the end of each financial period. If the forecasts differ from previous estimates, the change (s) are calculated as a change in accounting estimates.

Asset segmentation

Property, plant and equipment often consists of different parts with different useful lives or consumption patterns. These parts are replaced (independently) during the useful life of the asset. Accordingly:

Each part of the item of property, plant and equipment is depreciated, the cost of which is relatively important relative to the total cost of the item independently (unless one of the important parts has the same useful life and the method of consuming another part of the same item of property, plant and equipment, in which case, the two parts can be combined together for the purpose of consumption).

Under the segmentation approach. The Company does not recognize the daily maintenance costs of the item in the carrying amount of the item of property, plant and equipment. These costs are recognized in the statement of profit or loss when incurred. The components of the different assets are determined and depreciated separately only for the significant parts of property, plant and equipment with useful lives or different depreciation patterns. However, the principles regarding parts replacement (which represent the subsequent cost of a replacement part) generally apply to all specific parts, regardless of whether they are significant or not important.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/3 Property, plant and equipment (continued)

Capitalization of costs within property, plant and equipment

The cost of item of property, plant and equipment consists of the following:

- Purchase price, including import duties and non-refundable purchase taxes, after discounting commercial discounts and discounts.
- Any costs directly related to the origin of the site and the necessary condition for its operation in the manner deemed appropriate for the administration.
- Initial estimation of the costs of dismantling and moving the item, returning the site on which it is located to its natural state, and the obligation incurred either as a result of purchasing this item or as a result of using it during a specific period for purposes other than producing inventories during year.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably, the recognition of the carrying amount of one of the parts recognized as a separate asset ceases at replace it.

Borrowing costs related to the qualifying assets are capitalized as part of the cost of the qualifying assets until commencement of commercial production.

All other repair and maintenance expenses are charged to the statement of profit or loss during the period of the financial statements in which they are incurred. Regular maintenance and repairs that do not increase the estimated useful life of the asset or production outputs are charged to the statement of profit or loss when incurred.

Profits and losses resulting from the disposal of property, plant and equipment are determined by comparing the proceeds with the net book value and are included in other income.

Bearer plants

IAS 16 Property, Plant and Equipment defines the bearer plants as used in the production or supply of agricultural products, expected to yield more than once during the period and There is a remote possibility of selling them as agricultural products other than scrap sales.

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/4 Investment properties

Investment properties are properties held for the purpose of earning returns from their rental or capital growth, or both, and include properties in construction designated for these two purposes.

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.

Investment properties are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Cost includes expenses directly attributable to the acquisition of the items. Land is not consumed.

Investment properties are derecognized when they are disposed of or when they are permanently withdrawn from use (by sale or by entering into a financial lease) such that no future economic benefits are expected from their disposal. If an investment property becomes owner occupied, it is classified into property, plant and equipment. The difference between the net proceeds from disposal of investment property and the book value of the asset is recognized in profit or loss in the year in which the disposal or write-off occurs.

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.

3/5 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.

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.

3/6 Accounts receivable from installment sale contracts

Products sold under installment arrangement, which transfer the control of the goods to the customer, are reflected as sales upon delivery of the products to the customer. Amounts due from customers related to such installment sales are included in Accounts receivable from installment sale contracts. The difference between the installment sales contracts receivable and the cost of the sold asset, is recorded as unearned installment sales profit and for presentation purposes, is deducted from the gross amounts due under the reconciliation of gross and net investment amount under the installment sales financing contracts.

**NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/7 Inventories

Inventories, excluding damaged, are valued at cost or net realizable value (whichever is lower). The decrease in the net realizable value is recognized as an expense during the period in which the decrease arose. Any reversal of the impairment is charged to the statement of profit or loss during the period in which the reversal arose. The net realizable value is determined by the estimated selling price of the products in the ordinary course of the Company's business, less any expected additional costs required to complete the product and expenses required to market, distribute and sell the product.

Inventories cost determined for Spare parts and Packing materials using the weighted average method.

Net realizable value and inventories provision valuation

Net realizable value is the estimated selling price in the normal course of business of the Company less the estimated costs of completion and selling and distribution expenses. The valuation of the net realizable value of inventories reduction is usually done on an individual basis. This is when the product is from the same product line (which has a similar purpose and end use) and is marketed in the same geographical area.

Reducing inventories below cost to their net realizable value is in accordance with International Financial Reporting Standards that the value of assets should not be increased more than the amounts expected to be realized from their sale.

A provision is made for slow moving, obsolete and obsolete inventories. Damaged inventories is identified and reduced when you perform the inventories count. The provision for slow moving and obsolete inventories is assessed by category of inventories as part of the financial report. The stage is evaluated based on comparison of the level of completeness of inventories held with expected and potential future sales.

3/8 Financial instruments

Non-derivative financial instruments

The Company has applied the following classification and measurement requirements for financial instruments.

Recognition of financial instruments

Financial asset and liability is recognized when the Company represents a part of contractual obligations of the instrument, which is usually at the date of trade. The Company derecognizes financial asset when contractual cash flows of these assets are expired, or when the Company transfers financial asset's contractual cash flows in a transaction in which all risks and rewards of ownership of assets are substantially transferred. Any interests resulted from transferred financial assets that the Company has established or held as separate assets or liabilities are recognized.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (continued)

De-recognition

On de-recognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in the profit or loss. However, in respect of equity securities designated as at FVOCI, any cumulative gain / loss recognized in OCI is not recognized in the profit or loss on de-recognition.

A financial liability is derecognized from the statement of financial position when the Company has discharged its obligation or the contract is cancelled or expires.

The Company de-recognizes financial assets primarily when:
contractual rights of cash flows from financial assets expire; or
the Company transfers the rights to collect contractual cash flows in the transaction through which all risks and rewards of ownership of the financial assets are transferred or through which the Company does not make a material transfer; or
retain all risks and rewards of ownership and do not maintain control over financial assets.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes financial liabilities when its terms are modified and when the cash flows of the adjusted liabilities are significantly different. In such case, new financial liabilities are recognized at fair value based on the modified terms.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Classification of financial instruments

The Company classified its financial assets into the following measurement categories:

- Assets to be measured at amortized cost; or
- Fair value through profit or loss (FVTPL); or
- FVOCI - investment in equity instruments

The classification depends on the Company's business model for managing financial assets and the contractual terms of the financial assets cash flows.

Financial assets are not reclassified subsequently to initial recognition unless the Company changed business model for managing the financial assets. In such case, all affected financial assets are reclassified at the first day of the first financial period subsequent to business model change.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/8 Financial instruments (Continued)

Financial assets are measured at amortized cost if it meets both of the following conditions and are not recognized as financial assets at fair value through profit or loss:

- Kept in business model which aims to keep assets to gain contractual cash flows; and
- The contractual conditions lead to enter into certain dates for cash flows which represent the principal and the interests of the basic pending amount.

Upon the initial measurement of equity instruments, which the Company does not hold for trading purpose, the Company can elect to present any subsequent changes in fair value for these investments in the statement of other comprehensive income. This election is made on an investment by investment basis.

Any other financial assets not classified or measured at amortized cost or fair value through other comprehensive income as above mentioned, are measured at fair value through profit or loss, including derivative financial assets.

Financial assets- subsequent measurement - profits or losses:

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see below). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss is recognized in profit or loss.
FVOCI (Equity instruments)	These assets are subsequently measured at fair value. Dividends are recognized as revenues in the statement of profit or loss, unless these dividends represent recoverable amounts for part of the investment cost. Any other profits or losses are recognized in the statement of other comprehensive income and shall not be reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net profits or losses, including any benefits or dividends are recognized in the statement of profits or loss.

Reclassification

When an entity changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with the above-mentioned classification requirements.

Offsetting of financial instruments

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

Share capital

Instruments issued by the Company are classified as equity (shareholders' equity) only to the extent that the definition of the asset or liability does not apply. The Company's ordinary shares are classified as equity instruments (Shareholders' equity).

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/9 Impairment

Impairment of financial assets

When assessing expected credit losses for trade receivables and other receivables and Investment in finance lease contracts and Installment sales contracts' debtors, 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.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

The losses arising from impairment are recognized in the statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

An assessment is conducted at each reporting date to determine whether there is an evidence of impairment loss previously recorded or curtailed. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Non-financial assets other than goodwill, if any that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3/10 Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognized within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/11 Advances and loans

After initial recognition, interest bearing borrowings and borrowings (including trade and other payables) are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement on disposal of liabilities as well as through the amortization process.

3/12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less from the origination date, which are available to the Company without any restrictions. The statement of cash flows is prepared in accordance with the indirect method.

Restricted cash and cash equivalents that are not available for use (if any) by the Company are excluded from cash and cash equivalents for the purpose of preparing the statement of cash flows.

3/13 Trade payables and accruals

Trade payables and other payables are recognized at fair value and are subsequently carried at amortized cost using the effective interest method. The Company derecognizes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished; that is, when the liability specified in the contract is discharged or canceled or expires.

3/14 Provisions

Provisions are recognized when the company has obligations (legal or contractual) arising from past events and it is probable that there will be cash outflows to settle those obligations and their value can be reliably measured. Provisions are measured at the present value of management's best estimate of the expenditures required to be settled for the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-zakat rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

3/15 Employee's benefits

General description of a defined benefit plan for employee's - end of service benefits

The Company is required by law to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law. The benefit of the end of service benefit equals half the salary of the last month of each of the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining / subsequent service, including fractions of the year. Entitlement factors are applied in cases of resignation. The end of service benefit plan is unfunded.

Evaluation methodology and key assumptions for the actuarial study

In compliance with the requirements of IAS 19 "Employee's Benefits", the end of service indemnity is determined by actuarial valuation using the projected unit credit actuarial cost method at the end of each fiscal year. The gain or loss arising from actuarial revaluation is recognized in the statement of comprehensive income for the period in which the revaluation occurred. They are not included in profit or loss. The cost of the current service of the defined benefit plan is recognized in the statement of profit or loss under employee's benefit expense to reflect the increase in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits. Service costs for the previous years are directly also recognized in profit or loss. Interest is calculated using the effective discount rate at the beginning of the period.

Defined benefit costs are classified as follows:

- cost of service (including current service costs, past service cost, as well as gains and losses resulting from the scaling up and reimbursement of staff benefits);
- Interest cost; and
- Re-measurement.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/15 Employee's benefits (Continued)

Short-term employee's benefits

Liabilities are recognized and measured for benefits in respect of wages, salaries, annual leave and sick leave in the period in which they are rendered in the undiscounted amounts of the benefits expected to be paid for these services.

Retirement benefit costs

The Company contributes to the retirement benefits of employee's in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employee's remuneration. Payments are treated to government-managed pension benefit plans as payments to specific contribution plans as the Company's liabilities against these plans are equivalent to those that arise in a defined contribution retirement plan. Payments to retirement benefit plans are charged as an expense when due.

3/16 Restricted government grants

Restricted government grants are initially recognized in other liabilities at fair values, then to profit and loss when the conditions for obtaining the grant are fulfilled.

3/17 Revenue recognition

Revenues from contracts with customers

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15- revenue from contracts with customers.

Step 1 - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 - Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognize revenue when (or as) the entity satisfies a performance obligation.

If the consideration promised in a contract includes a variable amount, the Company shall estimate the amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer.

An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The promised consideration can also vary if the Company's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

Rental income

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.

Revenue from financing interests

Revenue from financing contracts, including installment sales, is recognized over the term of the contract using the effective interest method on the outstanding balance over the term of the contract.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/18 Zakat & Tax

The Company and its subsidiaries are subject to zakat in accordance with the regulations of the Saudi General Authority of Zakat and Tax ("ZAKAT"). Zakat is provided for the period ratably and charged separately in the statement of profit or loss and other comprehensive income. Additional zakat, if any, related to prior years' assessments arising from ZAKAT are accounted for in the period in which the final assessments are finalized.

Withholding tax expense

The Company withholds taxes on transactions with non-resident parties and on dividends paid to non-resident shareholders in accordance with ZAKAT regulations applicable in Kingdom of Saudi Arabia.

Value added tax

The value added tax was introduced in Saudi Arabia as of 1 January 2018 (14 Rabea Al Akher 1439H), which is tax on the supply of goods and services ultimately borne by the consumer, but collected at each stage of the production and distribution chain as a general principle. The value added tax (VAT) transaction in the Company's accounts should reflect its role as a tax collector and the VAT should not be included in income or expenditures, whether of capital nature or income. However, there will be circumstances in which the Company will incur VAT, and in such cases where VAT is non-refundable, it must be included in the cost of the product or service.

3/19 Expenses

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

3/20 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. Asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is classified as current when:

- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the date of financial position.

The Company classifies all other liabilities as non-current.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3/21 Segmental information

An operating segment is a company of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that differ from those of other business segments and which are measured in accordance with the reports used by the executive management.

A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in other economic environments.

3/22 Transactions with related parties

The Company has transactions and relationships with related parties consisting of directors, key management personnel, the Company conducts transactions with various related parties. On the date of each financial position, those related parties and the nature and volume of transactions with them during the relevant year.

3/23 Foreign Currencies translation

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the end of each reporting period at the exchange rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognized in the statement of profit or loss in the year in which they arise except for foreign exchange differences on monetary items due from or due to a foreign operation that are not likely or due to be settled (and therefore form part of the net Investment in the foreign operation) which is initially recognized in other comprehensive income and is reclassified from shareholders' equity to the statement of profit or loss upon settlement of the monetary items.

4. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

Estimates and assumptions are based on previous experience and factors that may include expecting suitable future events which are used to extend book period of dependent assets and liabilities from other resources and estimates and assumptions are continuously being evaluated. Revised accounting estimates are reviewed in the period in which the estimates are revised in the audit period and future periods, if the changed estimates affect current and future periods. Other disclosures relating to the Company's exposure to risk and uncertainties include in Note (29).

4/1 Judgements

Significant judgments made by the management upon the adopting the Company's accounting policies correspond to the disclosed policies in last year's financial statements the management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Going Concern

The Company's management has assessed the Company's ability to continue as a going concern, and is convinced that the Company has sufficient resources to continue its business in the near future. In addition, the management does not have any material doubts about the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

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4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

4/2 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:

Measurement of defined benefit obligations

The Company's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. Judgments are used in estimating the actuarial assumptions. Key assumptions are disclosed in Note (16).

Impairment of Investment in finance lease contracts

Impairment of Investment in finance lease contracts requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Impairment of investment properties

The recoverable amount of investment properties is slightly higher than their carrying value as at 31 December 2024. 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.

Impairment of trade and other receivables

The Company follows an expected credit loss ("ECL") model for the impairment of trade receivables, this requires the Company to take into consideration certain estimates for forward looking factors while calculating the probability of default.

Impairment for inventories

Management estimates the impairment to reduce the inventories to its net realizable value if the cost of the inventories is not recoverable or the inventories is damaged or become an obsolete in whole or in part, or if the selling price is lower than cost or any other factors that cause the net realizable value to become less than the carrying amount. Management valuation of net realizable value is based on the most reliable evidence at the time the estimates are used. These estimates take into account fluctuations in prices or costs directly attributable to events occurring after the date of the financial statements to the extent that they confirm that the circumstances of such events exist as at end of the financial period.

Useful lives of property, plant and equipment

The Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage physical wear and tear. Management reviews the residual value and useful lives annually and change in amortisation charges (if any) are adjusted in current and future periods.

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4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

4/2 Estimates and assumptions (continued)

Fair value of assets and liabilities

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 in the principal or, in its absence, the most advantageous market to which the access is available at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. The Company has no assets or liabilities under this level as at 31 December 2024 and 31 December 2023.

Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Company has no assets or liabilities under this level.

Level 3: Inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at 31 December 2024 and 31 December 2023, there are no transfers between levels.

Contingent liabilities

Contingent liabilities, depending on their nature, will be settled on the occurrence or non-occurrence of one or more future events. Estimating these inherent liabilities involves the exercise of significant judgment and making estimates as to the outcome of future events.

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5. PROPERTY, PLANT AND EQUIPMENT, NET

	Notes	Land*	Buildings	Plant and equipment	Vehicles	Irrigation network	Furniture and fixtures	Agricultural machinery	Fruitful trees	Total
Cost										
Balance at 31 December 2022		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
Additions		-	-	-	-	-	8,103	-	-	8,103
Disposals		-	(32,298)	(2,572,590)	-	(107,150)	(425,053)	-	-	(3,137,091)
Balance at 31 December 2023		19,098,702	18,409,684	16,083,652	326,000	1,684,597	2,307,992	157,350	46,146,939	104,214,916
Additions		-	-	-	-	300,000	9,950	-	-	309,950
Disposals		-	-	-	(227,000)	-	-	-	(800,000)	(1,027,000)
Balance at 31 December 2024		19,098,702	18,409,684	16,083,652	99,000	1,984,597	2,317,942	157,350	45,346,939	103,497,866
Accumulated depreciation:										
Balance at 31 December 2022		-	12,796,832	17,660,918	325,998	1,593,600	2,409,518	157,347	16,948,945	51,893,158
Charges during the year	5/2	-	678,701	209,415	-	28,174	83,673	-	1,153,673	2,153,636
Disposals		-	(32,283)	(2,351,079)	-	(85,810)	(421,057)	-	-	(2,890,229)
Reversal of impairment losses		-	-	-	-	-	-	-	(50,338)	(50,338)
Balance at 31 December 2023		-	13,443,250	15,519,254	325,998	1,535,964	2,072,134	157,347	18,052,280	51,106,227
Charges during the year	5/2	-	488,898	123,281	-	25,708	71,716	-	1,150,467	1,860,070
Disposals		-	-	-	(226,999)	-	-	-	(412,985)	(639,984)
Balance at 31 December 2024		-	13,932,148	15,642,535	98,999	1,561,672	2,143,850	157,347	18,789,762	52,326,313
Net book value										
As at 31 December 2024		19,098,702	4,477,536	441,117	1	422,925	174,092	3	26,557,177	51,171,553
As at 31 December 2023		19,098,702	4,966,434	564,398	2	148,633	235,858	3	28,094,659	53,108,689

5/1 Land 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.

5/2 The allocation of the charged depreciation to the expenses for the years ended December 31 are as follows:

	Note	2024	2023
Cost of revenue	23	1,277,781	1,318,945
General and administrative expenses	24	582,289	834,691
		1,860,070	2,153,636

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6. INVESTMENT PROPERTY, NET

	Notes	Shri Land	Al Ofug Land	Al Mulida Project	Total
<u>Cost</u>					
Balance at 1 January 2023		58,000,000	145,887,785	3,603,925	207,491,710
Balance at 31 December 2023		58,000,000	145,887,785	3,603,925	207,491,710
Disposals	6/2	-	(41,590,664)	-	(41,590,664)
Balance at 31 December 2024		58,000,000	104,297,121	3,603,925	165,901,046
<u>Accumulated depreciation:</u>					
Balance at 1 January 2023		-	26,607,860	323,403	26,931,263
Charges during the year	23	-	-	31,673	31,673
Impairment losses	6/1	-	5,169,134	-	5,169,134
Balance at 31 December 2023		-	31,776,994	355,076	32,132,070
Charges during the year	23	-	-	31,587	31,587
Reversal of impairment losses	6/1	-	(3,815,308)	-	(3,815,308)
Impairment losses for disposals	6/2	-	(8,809,295)	-	(8,809,295)
Balance at 31 December 2024		-	19,152,391	386,663	19,539,054
<u>Net book value</u>					
As at 31 December 2024		58,000,000	85,144,730	3,217,262	146,361,992
As at 31 December 2023		58,000,000	114,110,791	3,248,849	175,359,640

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6. INVESTMENT PROPERTY, NET

6/1 Fair value measurement:

The fair value of the Investment Property was determined 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 fair value measurement is also classified as Level 3 fair value based on unobservable inputs. The valuation was performed using both the market and income approaches, The fair value statement is as follows:

- A- The fair value of the Al Ofuq Land as at 31 December 2024, amounted to SR 85,144,730 (2023: SR 114,110,791). Reversal of impairment amounted to SR 3,815,308 For the year ended 31 December 2024 (2023: Impairment losses were recognized in the amount of SR 5,169,134).
- B- The fair value of the Al Mulida Project as of 31 December 2024 amounted to SR 10,080,726 (2023: SR 10,393,997)
- C- The fair value of Shri Land as of 31 December 2024 amounted to SR 88,667,000 (2023: SR 86,233,000), which is represented in the value of an area of 116 million square meters that was revitalized by the company and which the company had previously proven as a restricted government grant (Note 17). Based on the ownership decision issued by the Ministry of Environment, Water and Agriculture on September 25, 2024, a title deed was issued for an area of 74,043,400 square meters on 3 February 2025. There is also a legal dispute between the company and the branch of the Ministry of Environment, Water and Agriculture in the Qassim region regarding the company's ownership of the remaining area of 41,956,600 square meters that it revitalized (Note 30).

6/2 The disposal for the current year is the value of selling a part of Al-Ufuq land with an area of 22.9 thousand meters, and the gain of disposal during 2024 amounted to SR 8,464,731.

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7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Ownership percentage	31 December 2024		31 December 2023	
		Cost	Fair value	Cost	Fair value
United Dairy Farms Company	8.30%	600,000	8,006,265	600,000	8,132,035
Wasatah Capital	1.20%	1,800,000	4,271,468	1,800,000	3,448,113
National Company for Seed Production and Agricultural	4.19%	1,238,400	2,670,465	1,238,400	2,857,692
Saudi Industries Development Company	0.75%	750,000	2,990,817	750,000	2,783,755
Al-Butain Agricultural Cooperative Association	1.43%	122,700	291,208	122,700	315,191
		<u>4,511,100</u>	<u>18,230,223</u>	<u>4,511,100</u>	<u>17,536,786</u>

7/1 The movement of Financial Assets at fair value through profit or loss for the years ended 31 December is as follows:

	2024	2023
Balance as at January 1	17,536,786	15,144,754
Revaluation	693,437	2,392,032
Balance as at December 31	18,230,223	17,536,786

7/2 All investments are located within the Kingdom of Saudi Arabia.

7/3 The company received dividends from those financial assets during the year ended 31 December 2024, amounting to SR 519,420 (2023: SR 412,500).

7/4 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.

7/5 Fair value measurement:

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, 2024, and December 31, 2023, 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.

Evaluation assumptions:

The valuation was conducted using Level 2 of the fair value model in accordance with International Financial Reporting Standard (9, Information related to fair value is disclosed in Note (29). The "multi-market" relative valuation approach was used, which includes the use of valuation metrics from publicly traded companies that are considered appropriate for comparison with the entity subject to the valuation, according to the valuation method used by the valuation expert.

The valuation was based on the market multiple, which is the share price to book value, and compared to similar companies in the market. The share price to book value multiple was determined using the following assumptions:

	2024	2023
Average financial multiples of comparable companies	1.3 to 1.7	1.1 to 1.9
Liquidity discount rate	10%	10%
Market multiple	<u>1.2 to 1.6</u>	<u>1.1 to 1.7</u>

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8. INSTALLMENT SALE 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 value of the installment sale contracts was calculated using a discount rate of 5%.

8/1 The balance of instalment sales contracts' debtors is as follows:

	Note	December 31, 2024	December 31, 2023
As at January 1		11,743,819	12,176,654
Finance income during the year	22	545,524	567,165
Collected during the year		<u>(1,000,000)</u>	<u>(1,000,000)</u>
As at December 31		<u>11,289,343</u>	<u>11,743,819</u>

8/2 The aging of gross investment in installment Sale Contracts Receivables and present value of minimum installment payments receivables is as follows:

	31 December 2024		
	Gross instalments	Unearned Income	Net instalments
<u>Current portion</u>			
Within one year	1,000,000	(522,800)	477,200
Total Current portion	1,000,000	(522,800)	477,200
<u>Non-current portion</u>			
From one to five years	4,000,000	(1,840,371)	2,159,629
Five years and above	11,000,000	(2,347,486)	8,652,514
Total non-current portion	15,000,000	(4,187,857)	10,812,143
Total	<u>16,000,000</u>	<u>(4,710,657)</u>	<u>11,289,343</u>
	31 December 2023		
	Gross instalments	Unearned Income	Net instalments
Current portion			
Within one year	1,000,000	(545,524)	454,476
Total Current portion	1,000,000	(545,524)	454,476
Non-current portion			
From one to five years	4,000,000	(1,943,210)	2,056,790
Five years and above	12,000,000	(2,767,447)	9,232,553
Total non-current portion	16,000,000	(4,710,657)	11,289,343
Total	<u>17,000,000</u>	<u>(5,256,181)</u>	<u>11,743,819</u>

8/3 Credit risks details are disclosed in Note 29.

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9. INVESTMENT IN FINANCING LEASE CONTRACTS, NET

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, 2041.

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 value of the investment in financing lease contracts was calculated using a discount rate of 5%.

9/1 The balance of investment in finance lease contracts is as follows:

	<u>Note</u>	<u>2024</u>	<u>2023</u>
As at January 1		129,182,008	133,943,181
Finance income during the year	22	6,000,764	6,238,827
Collected during the year		(7,842,108)	(7,842,108)
Transferred to trade receivables		(3,157,892)	(3,157,892)
		124,182,772	129,182,008
Less: Provision of expected credit losses	9/2	(35,650,558)	-
as at December 31		88,532,214	129,182,008

9/2 The movement in provision of expected credit Loss is as follows:

	<u>Note</u>	<u>2024</u>	<u>2023</u>
As at January 1		-	3,000,000
(Reversal) during the year		-	(3,000,000)
Provision during the year	9/3	35,650,558	-
As at December 31		35,650,558	-

9/3 During the year, the company's management reviewed the recoverable value of the Investment In Financing Lease Contracts due to the suspension of payment of a portion of the annual payments, which led to the calculation of a provision for credit losses amounting to SR 35,650,558 during the current year.

9/4 Credit risks details are disclosed in Note 29.

10. INVENTORIES, NET

	<u>Note</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Spare Parts		745,350	745,350
Packing Materials		469,322	469,322
Other Materials		4,601	6,356
Less: Provision of obsolete or slow-moving inventories	10/1	(1,185,149)	(1,185,149)
		34,124	35,879

10/1 The movement in Provision of obsolete or slow-moving for the years ended December 31 are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Balance as at January 1	1,185,149	4,287,748
Amount written off during the year	-	(3,102,333)
Provision no longer required	-	(266)
Balance as at December 31	1,185,149	1,185,149

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11. TRADE RECEIVABLES, NET

	<u>Note</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Trade receivables		6,855,849	4,233,212
Less: Provision of expected credit losses	11/1	<u>(6,842,099)</u>	<u>(3,638,277)</u>
		<u>13,750</u>	<u>594,935</u>

11/1 The movement in Provision of expected credit losses during the year is as follows:

	<u>2024</u>	<u>2023</u>
Balance as at January 1	3,638,277	7,274,185
Charged during the year	3,684,207	3,157,892
Reversal of provision during the Year	(56,441)	(364,332)
written off during the year	<u>(423,944)</u>	<u>(6,429,468)</u>
Balance as at December 31	<u>6,842,099</u>	<u>3,638,277</u>

12. PREPAID EXPENSES AND OTHER DEBIT BALANCES, NET

	<u>Note</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Advances to suppliers		102,479	776,002
Interest receivable on Murabaha Deposit		315,425	489,699
Prepaid Expenses		215,910	203,243
Value Added Tax		315,361	106,298
Employee receivable		4,077	70,734
Refundable insurance		5,000	13,000
Accrued dividends		61,920	-
Other debtors	12/1	2,040,000	-
Other debit balances		<u>172,736</u>	<u>300,443</u>
		<u>3,232,908</u>	<u>1,959,419</u>
Less: Provision of impairment in debit balances	12/2	<u>(5,000)</u>	<u>(841,928)</u>
		<u>3,227,908</u>	<u>1,117,491</u>

12/1 It is represented in the value of part of the debt owed by Fakeeh Poultry Farms Company from a previous sale during the previous years, the company authorized a former board member to complete the procedures for issuing the necessary deeds to complete the contract for the sale of the company's agricultural project in the Al-Jouf region with Faqih Poultry Farms Company, provided that Al-Qassim Holding Company for Investment receives the outstanding dues after extracting the deed. The former board member extracted the deeds and transferred one of the deeds to his personal name and another to a former employee of the company. After that, they refused to transfer the deeds to Fakeeh Poultry Farms Company, which filed two lawsuits against them with the Company. The final decisions for court were issued , that Fakeeh Poultry Farms is the owner of the land, and that the competent authority should transfer the title deed to Fakeeh Poultry Farms Company. On 20 October 2024 and 26 February 2025, the Company received an amount of SR 1.84 million and SR 2,04 million respectively as the outstanding dues from the sale, after transferring the title of one of the deeds to Fakeeh Poultry Farms Company mentioned above . the collection was included in other income for the period ending 31 December 2024, as the Company write off the outstanding dues during previous periods (Note 25).

12/2 The movement in provision of impairment in debit balances during the year is as follows:

	<u>2024</u>	<u>2023</u>
Balance as at January 1	<u>841,928</u>	<u>842,416</u>
Reversal during the year	(8,000)	-
written off during the year	<u>(828,928)</u>	<u>(488)</u>
Balance as at December 31	<u>5,000</u>	<u>841,928</u>

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13. CASH AND CASH EQUIVALENTS

	<u>Note</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash at bank – current Accounts		2,402,337	3,064,688
Short-Term Murabaha Deposits	13/1	87,000,000	41,000,000
		<u>89,402,337</u>	<u>44,064,688</u>

13/1 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, 2024, which amounted to SR 2,449,916 (2023: SR 1,702,010) (Note 25).

13/2 All bank balances are estimated to be of low credit risk as they are deposited with well-known banking institutions with a high credit rating, and there were no indications / history of defaulting on any bank balances of the company, so the possibility of defaulting on payment is based on future factors or any cases Failure caused by little or no losses.

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 law which became effective on 19 January 2023 removed the requirement of maintaining a statutory reserve which existed in the previous law. The Company is in the process of updating its articles of association to align it with the new law. 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 the accumulated losses.

16. EMPLOYEE'S DEFINED BENEFITS OBLIGATIONS

16/1 The movement in the employee benefit obligations is as follows:

	<u>Note</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Balance as at January 1		892,812	623,316
Charged on Statement of profit or loss			
Current service cost		99,109	121,879
Finance cost		44,211	56,770
	16/2	143,320	178,649
Charged on Other comprehensive income			
Actuarial loss on re-measurement		(60,469)	90,847
Paid during the year		(166,468)	-
Balance as at December 31		<u>809,195</u>	<u>892,812</u>

16/2 The allocation of end of service benefits to the expenses for the years ended December 31 are as follows:

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Cost of revenue	23	8,808	6,816
General and administrative expenses	24	134,512	171,833
		<u>143,320</u>	<u>178,649</u>

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16. EMPLOYEE'S DEFINED BENEFITS OBLIGATIONS (CONTINUED)

16/3 The valuation was prepared by an independent external actuary using the following key assumptions:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate %	5,36%	4.51%
Salaries increase rate %	2%	2%
Employee turnover rates	Moderate	Moderate
Average years of experience	11	11,3

16/4 Defined benefit liability sensitivity's changes impact, as follow:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
Basic	809,195	892,812
Increase by 1%	1,443,115	1,422,752
Decrease by 1%	1,582,229	1,549,893
Change in Salaries		
Basic	809,195	892,812
Increase by 1%	1,588,085	1,561,136
Decrease by 1%	1,437,080	1,411,311

16/5 Defined benefit liability sensitivity's changes impact, as follow:

The above sensitivity analysis is based on a change in a hypothesis with all other hypotheses remaining constant. In practice, this is unlikely to happen and changes in some hypotheses may be correlated. The same method was used in calculating the end-of-service employee end-of-service liability recognized in the statement of financial position when calculating the sensitivity of the end-of-service employee end-of-service obligation to significant actuarial assumptions (the present value of the end-of-service employee end-of-service obligation calculated using the projected unit credit method as at the end of the reporting period).

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

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, previously recognized by the company as a restricted government grant (deferred revenue) amounting to SAR 58 million. This grant represents the of 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 to the company. Based on the ownership decision issued by the Ministry of Environment, Water and Agriculture on September 25, 2024, a title deed was issued for an area of 74,043,400 square meters on February 3, 2025. The company recorded the Gain of land ownership arising from Government grants during the year.

17/1 The movement in the Deferred Revenue is as follows:

	<u>2024</u>	<u>2023</u>
Balance as at January 1	58,000,000	58,000,000
Revenue from government grants	(37,021,700)	-
Balance as at December 31	20,978,300	58,000,000

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18. STOCK SALE SURPLUS AND UNPAID PROFITS FROM SHARES

	Note	December 31, 2024	December 31, 2023
Stock sale surplus	18/1	44,988,182	45,033,921
Unpaid profits from shares	18/2	6,094,327	6,097,732
		51,082,509	51,131,653

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 of the excess sale of shares for the years ended December 31 is as follows:

	2024	2023
As at January 1	45,033,921	45,109,899
Payments during the year	(45,739)	(75,978)
As at December 31	44,988,182	45,033,921

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:

	2024	2023
As at January 1	6,097,732	6,098,795
Payments during the year	(3,405)	(1,063)
As at December 31	6,094,327	6,097,732

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, 2024 (2023: SR 1,365,535)

20. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	December 31, 2024	December 31, 2023
Employees accrued expenses	1,072,883	1,077,929
Deferred revenue from operating lease	500,000	500,000
Advance from customers	142,416	142,416
Accrued remunerations	314,623	391,087
Accrued expenses	411,220	58,876
Other credit balances	472,637	472,952
	2,913,779	2,643,260

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21. ZAKAT PAYABLE

21/1 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.

21/2 The movement of zakat payable for the years ended December 31, is as follows:

	<u>2024</u>	<u>2023</u>
Balance as at January 1	21,633,453	14,538,528
Charge for the Year	3,501,421	4,802,019
Zakat related to previous periods	4,704,231	5,467,797
	8,205,652	10,269,816
payments during the year	(6,100,712)	(3,174,891)
Balance as at December 31	23,738,393	21,633,453

21/3 Zakat and Tax position

Withholding tax

The company withholds taxes on transactions with non-resident parties in the Kingdom of Saudi Arabia and pays them on regular dates in accordance with ZAKAT regulations applicable in Kingdom of Saudi Arabia.

Value added tax

The company is committed to submitting VAT returns in accordance with ZAKAT regulations applicable in Kingdom of Saudi Arabia.

Status of zakat and assessments

The Company has submitted its Zakat returns to " ZATCA" till the year ending December 31, 2023., The company obtained a Zakat certificate valid until Dhu al-Qi'dah 2, 1446H corresponding to April 30, 2025.

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21. ZAKAT PAYABLE (CONTINUED)

21/3 Zakat and Tax position (CONTINUED)

The following table shows the status of the outstanding zakat assessments for the company for previous years:

Period	Zakat Status	Net zakat assessment
2016 until 2017	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 became final and may not be appealed with an amount of 6,498,741 Saudi riyals. The company submitted an installment plan, which was approved by Zakat , and 3,520,145 SR were paid.	SR 2,978,596
2018 until 2020	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 became final and may not be appealed with an amount of 9,643,449 Saudi riyals. The company submitted an installment plan, which was approved by Zakat , and 1,339,365 Saudi riyals were paid.	SR 8,304,084
2021 until 2022	The Zakat assessment was received on October 22, 2024 in the amount of 6,392,495 SR, The company objected to the assessment and paid amount of 639,250 Saudi riyals and the objection was rejected by the authority. The company then filed a case with the Committees for the Resolution of Zakat and Tax Violations and Disputes, and the case is still under review.	SR 5,753,245
2023	The Authority issued the notification to the company to start assessment case, and the company submitted the required data which is still under study by the Authority.	Under assessment

22. REVENUES, NET

	Note	2024	2023
Finance lease interests	9/1	6,000,764	6,238,827
Installment sales contracts' debtors Interest	8/1	545,524	567,165
Operating lease income		3,500,000	3,600,000
Dates sales		-	60,261
		10,046,288	10,466,253

* The Dates sales are recognized at a point in time.

23. COST OF REVENUES

	Note	2024	2023
Depreciation of property, plant and equipment	5/2	1,277,781	1,318,945
Salaries and wages		106,907	65,214
End of service Provision	16/2	8,808	6,816
Depreciation of investments properties	6	31,587	31,673
Others		135,838	90,297
		1,560,921	1,512,945

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24. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2024	2023
Salaries and wages		3,486,388	2,846,566
End of service Provision	16/2	134,512	171,833
Professional and consulting fees	24/1	2,359,487	1,066,602
Depreciation of property, plant and equipment	5/2	582,289	834,691
Remuneration for BOD and committees	27	524,000	482,000
Governmental fees		81,163	109,832
Others		199,978	158,536
		7,367,817	5,670,060

24/1 The professional fees for the annual audit of the financial statements and the review of the interim financial statements amounted to 335,000 Saudi Riyals (2023: 285,000 Saudi Riyals).

25. OTHER INCOME

	Note	2024	2023
Interest income from Murabaha deposit	13/1	2,449,916	1,702,010
Recovered bad debts	12/1	3,880,000	-
(loss) / Gain on disposal of property, plant and equipment		(329,623)	539,656
Reversal of impairment of property, plant and equipment	5	-	50,338
Other income		81,569	139,415
		6,081,862	2,431,419

26. EARNINGS (LOSS) PER SHARE

26/1 Basic earnings per (loss) share

Basic earnings (loss) per share has been calculated based on the profit (loss) distributable to shareholders of ordinary shares and the weighted average number of ordinary shares outstanding on the date of the financial statements, which amounted to 30,000,000 shares.

	2024	2023
Earnings (loss) for year	10,238,032	(6,713,311)
The average number of shares outstanding	30,000,000	30,000,000
Basic earnings per (loss) share	0.341	(0.224)

26/2 Weighted average number of shares outstanding (core):

During the year, there were no shares issued, and therefore the weighted average number of shares outstanding does not differ from the number of shares at the beginning of the year.

26/3 Diluted earnings per share

The calculation of diluted earnings per share has been based on the profit distributable to shareholders on ordinary shares and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any.

During the year there were no diluted shares, accordingly the diluted earnings per share does not differ from the basic earnings per share.

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27. TRANSACTIONS WITH RELATED PARTIES

The company did not have any transactions with related parties during the years ended December 31, 2024, and December 31, 2023.

The benefits of key management personnel are represented by the following:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Short-term Employee Benefits	1,786,437	1,121,348
Remuneration for BOD and committees (Note 24)	524,000	482,000
Employees' termination benefits	52,753	49,902
	<u>2,363,190</u>	<u>1,653,250</u>

28. 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.

29. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value and cash flow, interest rate risks and price risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

29/1 Financial risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables, loans, Financial assets at fair value, Installment sales contracts' debtors, Investment in finance lease contracts, trade and other payables . The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

29/2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: Interest rate risk, currency risk and other price risk.

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

29/2/1 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, 2024, the Company did not have any financial assets or liabilities with variable interest rates (2023: Nil).

29/2/2 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Company is not significantly exposed to fluctuations in foreign exchange rates during its normal course of business, as the Company's core transactions during the period were denominated in Saudi Riyals and US Dollars. Thus, there are no significant risks associated with transactions and balances denominated in US Dollars.

29/3 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 Installment sales contracts' debtors, Investment in finance lease contracts, trade receivables, other debit balances and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The Company does not hold collateral as security.

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.

The Company considers any trade receivables overdue for more than a year to be in default and are accordingly fully provided for.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 365 days past due.

Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the profit or loss.

Investment in finance lease contracts lease and Installment sales contracts debtors are stated at mortised cost. The Company uses simplified approach under IFRS 9 to calculate the ECL allowance.

Bank balances are held with banks with sound credit ratings.

The Company's gross maximum exposure to credit risk is as follows:

	Note	December 31, 2024	December 31, 2023
Bank balances	13	89,402,337	44,064,688
Investment in finance lease contracts	9/1	88,532,214	129,182,008
Installment sales contracts debtors	8/1	11,289,343	11,743,819
Other debit balances		2,909,519	138,246
Trade receivables	11	13,750	594,935
		192,147,163	185,723,696

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

29/4 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 an inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available. The concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is the contractual maturities for financial liabilities at the end of the period, which are presented in gross and undiscounted amounts:

	Total Book value	Less than 1 year	More than 1 year to Less than 5 years	More than 5 years
<u>31 December 2024</u>				
Trade payables	716,832	716,832	-	-
Accrued expenses and other payables	2,771,363	2,771,363	-	-
Surplus from Share Sales and Undistributed Profits	51,082,509	51,082,509	-	-
Subscription Creditors	1,365,535	1,365,535	-	-
	<u>55,936,239</u>	<u>55,936,239</u>	<u>-</u>	<u>-</u>
<u>31 December 2023</u>				
Trade payables	716,822	716,822	-	-
Accrued expenses and other payables	2,500,844	2,500,844	-	-
Surplus from Share Sales and Undistributed Profits	51,131,653	51,131,653	-	-
Subscription Creditors	1,365,535	1,365,535	-	-
	<u>55,714,854</u>	<u>55,714,854</u>	<u>-</u>	<u>-</u>

*The cash flows included in the maturity analysis above are not expected to mature earlier or at materially different amounts.

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

29/5 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.

	31 December 2024					
	Book value		Fair value			
	Fair value	Amortized cost	Level 1	Level 2	Level 3	Total
<u>Financial Assets</u>						
Financial assets at fair value through profit or loss	18,230,223	-		18,230,223		18,230,223
Trade receivables	-	13,750	-	-	-	-
Other debit balances	-	3,125,429	-	-	-	-
Installment sales contracts debtors	-	11,289,343	-	-	-	-
Investment in finance lease contracts, net	-	88,532,214	-	-	-	-
	18,230,223	102,960,736	-	18,230,223	-	18,230,223
<u>Financial liabilities</u>						
Trade payables	-	716,832	-	-	-	-
Accrued expenses and other credit balances	-	2,771,363	-	-	-	-
Stock sale surplus and unpaid profits from shares	-	51,082,509	-	-	-	-
Underwriting creditors	-	1,365,535	-	-	-	-
	-	55,936,239	-	-	-	-

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

29/5 Fair value measurements of financial instruments (continued)

	Book value		31 December 2023			
	Fair value	Amortized cost	Fair value			
			Level 1	Level 2	Level 3	Total
Financial Assets						
Financial assets at fair value through profit or loss	17,536,786	-	-	17,536,786	-	17,536,786
Trade receivables	-	594,935	-	-	-	-
Other debit balances	-	341,489	-	-	-	-
Installment sales contracts debtors	-	11,743,819	-	-	-	-
Investment in finance lease contracts	-	129,182,008	-	-	-	-
	<u>17,536,786</u>	<u>141,862,251</u>	<u>-</u>	<u>17,536,786</u>	<u>-</u>	<u>17,536,786</u>
Financial liabilities						
Trade payables	-	716,822	-	-	-	-
Accrued expenses and other credit balances	-	2,500,844	-	-	-	-
Stock sale surplus and unpaid profits from shares	-	51,131,653	-	-	-	-
Underwriting creditors	-	1,365,535	-	-	-	-
	<u>-</u>	<u>55,714,854</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

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30. LEGAL STATUS

The existing cases and claims filed (from / against) the Company are summarized 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") the Al Qassem Region, 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 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, 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 . 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 session had been set for Shawal 20, 1444 H at the Appeal Court in the Al Qassem Region anda the sentence has been issued by the Appeal Court in Al Qassem Region stating that the filed lawsuit is The Administrative Court in Buraida, a accepted in form and supports the sentence of the First Circuit 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 to the Committee of the disputed wastelands at the Ministry of Environment, Water and Agriculture on May 31, 2023.
- On May 1, 2024, The Committee of the disputed wastelands in the Ministry of Environment, Water and Agriculture rejected the company's request for ownership of the entire land that has been renovated and handed over to the Company, which is mentioned above, based on the above, the company filed a lawsuit on June 27, 2024 against the Ministry of Environment, Water and Agriculture at the Administrative Court in Riyadh, demanding the cancellation of the negative decision of the Disputes Committee arising from the application of the provisions of the Barren Land Distribution System issued on March 24, 2024 , which was to reject the request to raise the remaining reclaimed area to the Supreme Authority. The court ruled that the administrative court in Riyadh did not have jurisdiction to hear the case, and the appeal list was submitted requesting the annulment of the judgment of the first instance court.on 16 Rajab 1446 corresponding to January 16, 2025, the Administrative Court of First Instance ruled to cancel the decision of the Committee to Consider Disputes Arising from the Application of the Provisions of the Waste Lands System.

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30. LEGAL STATUS (CONTINUED)

- 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, 1442 to the state treasury in favor 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, The company has a legal opinion stating that the request mentioned in the letter from the Ministry of Environment, Water, and Agriculture to pay the fair rental value for the allegedly encroached area does not comply with the specific regulations for reviewing approvals of requests by joint-stock agricultural companies to acquire ownership of lands granted to them by the Ministry of Environment, Water, and Agriculture. Furthermore, it was not included in the rules for monitoring state properties and removing encroachments, all of which were approved by the Council of Ministers. Additionally, there is no evidence proving that the company encroached on the aforementioned areas.
- A lawsuit filed by a former one of members of directors against the Company, in which the plaintiff demands that the Company be obligated to pay the amount of (SR 920,000) nine hundred and twenty thousand riyals, which represents the cost of extracting the deed of the company's property in the Al-Jouf region. The next date for this lawsuit is 15 April 2024.

31. CONTINGENT ASSETS

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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32. CAPITAL COMMITMENTS

As at 31 December 2024 and 2023, there were no significant capital commitments or other commitments.

33. SUBSEQUENT EVENTS

Management believes that there are no significant subsequent events since the end of the year that may affect the company's financial position or the disclosures in the financial statements, except for what was disclosed in the notes to the financial statements.

34. COMPARATIVE FIGURES

Some of the prior year figures have been reclassified to conform to the current year's presentation.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ending December 31, 2024 were authorized for issue by the Board of Directors on 27 Ramadan 1446 corresponding to 27 March 2025.