TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT

AT 31 DECEMBER 2022

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAIBA INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the consolidated financial statements of Taiba Investment Company (A Saudi Joint Stock Company) ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of income and the consolidated statements of comprehensive income and the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated 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 that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters (CONTINUED)

Key audit matter	How the matter was addressed in our audit
<u>Impairment of property and equipment and investment properties</u> At December 31, 2022, the carrying amount of Property and Equipment and Investment Properties amounted to SR 2,532 million and SR 464 million respectively (2021: SR 2,386 million and SR 234 million respectively). Both items are representing 69% of the total assets of the Group (2021: 67%). The carrying values of these assets are reviewed annually by management to assess whether there are indicators of impairment and, wherever indicators of impairment exist, an impairment assessment is performed by determining if the recoverable amounts of these assets are less than its carrying values. The Group engages an independent certified external valuer ("valuer") to help the management to determine the recoverable amounts, the valuation is carried out using common methodologies and approaches, and this matter is considered a key audit matter as these methodologies and approaches involve significant judgment and estimates like sales prices, occupancy rate, market rent, future rental income, discount rates and terminal values, others, including economic fluctuations impact on the Group's business. Please refer to note (3) of consolidated financial statements for more details regarding the significant accounting policy, note (2) regarding significant accounting estimates and judgments, and notes (7 and 9) regarding details about relevant disclosures.	Audit procedures that we performed included the following: • Reviewed management procedures in identifying impairment indicators in respect of property and equipment and investment properties. • Evaluated objectivity, independency, compentence and experience of the valuer. • On a sample-basis, we involved our specialists to review the following: - The reasonableness of the calculations of value-in-use and the underlying assumptions, including cash flow anticipations and used discount rates. - Analysing significant assumptions and evaluating its impact on the fair values and assessing the impact of changes in the key assumptions to the outcome reached by management. • Reviewd minutes of meetings of board of directors in relation to the business paln of property and equipment and investment properties during the current and future years, if any. • Evaluated the adequacy of presentation and disclosure in respect of underlying assumptions and estimates, and the sensitivity analysis in the accompanying consolidated financial statements.

Key audit matters (CONTINUED)

Key audit matter	How the matter was addressed in our audit
<u>Impairment of trade receivables</u> The gross balance of trade receivables as at 31 December 2022 amounted to SR 114 million (31 December 2021: SR 153 million), against which an allowance for impairment of trade receivables amounted to SR 102 million (2021: SR 138 million) was maintained. The Group has applied significant judgment in the determination of Expected Credit Loss (ECL). ECL is recognised in two stages. For credit exposures with significant increase in credit risk, ECL is recognized for credit losses expected over the remaining life of the exposure (a lifetime ECL) and probability of recovery of individual balances. For credit exposures for which there has not been a significant increase in credit risk, ECL is provided for credit losses considering factors like historical default rate with forward-looking information, including economic fluctuations. We considered this as a key audit matter given the judgements and assumptions regarding the ECL impairment against trade receivables and the potential impact on the Group's consolidated financial statements Please refer to note (3) on consolidated financial statements for further details regarding significant accounting policy, note (2) regarding significant accounting estimates and judgements, and note (15) for related disclosures.	We performed the following audit procedures, among others: • Obtained an understanding of management process for ECL assessment against trade receivables. • Assessed the appropriateness of judgments, estimates and significant assumptions made by management. • Involved our specialists to review the methodology implemented by the Group in relation to the requirements of IFRS (9), assessing defaults, evaluating interrelated inputs and assessing reasonableness of assumptions used in ECL model, particularly around macroeconomic variables and forecasted scenarios and probability weights. • Evaluated the appropriateness of the Group's criteria and judgment for the determination of individually impaired trade receivable. • Tested the completeness and accuracy of data supporting the ECL calculations. • We have also evaluated the related presentation and disclosure in the accompanying consolidated financial statements.

Other information included in the annual report for the Group for the year 2022

Other information consists of the information included in the annual report of the Group for 2022, other than the consolidated financial statements and the auditor's report. The board of directors is responsible for the other information in its annual report. The annual report for the Group for 2022 is expected to be available to us after the date its 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.

Other information included in the annual report for the Group for the year 2022 (continued)

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

When we read the annual report for the Company for the year 2022, where possible, if we conclude that there is a material misstatement therein,

we are required to communicate the matter to those charged with governance.

Responsibilities of The board of directors and Those Charged with Governance for the Consolidated Financial Statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and the Company's by-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, The board of directors is responsible for assessing the Group'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 board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISAs that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by The board of directors.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAIBA INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)

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

- Conclude on the appropriateness of The board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

We communicate with those charged with governance, 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Ernst & Young Professional Services

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سجل تجاري ٤٠٣٠٢٧٦٦٤٤
CR 4030276644
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Abdullah Ali AlMakrami
Certified Public Accountant
Licence no. (476)

Jeddah: 13 Sha'ban1444H
05 March 2023G

TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
Saudi Riyals

	Note	2022	2021
ASSETS			
NON CURRENT ASSETS			
Property and equipment	7	**2,532,907,422**	2,386,709,709
Intangible assets	8	**2,020,348**	2,759,445
Investment properties	9	**464,241,768**	234,509,438
Right-of-use assets	10	**-**	3,917,313
Financial assets at FVOCI	11	**452,241,840**	361,982,793
Investment in associates	12	**337,656,977**	80,002,423
Derivative financial instruments	36	**15,346,675**	-
Other non-current assets		**5,706,810**	8,770,053
TOTAL NON-CURRENT ASSETS		**3,810,121,840**	3,078,651,174
CURRENT ASSETS			
Inventories	13	**713,653**	1,179,219
Biological assets	14	**-**	885,488
Trade receivables	15	**11,334,445**	15,142,320
Amounts due from related parties	16	**-**	19,237,231
Prepayments and other current assets	17	**100,773,278**	19,128,925
Financial assets at FVOCI	11	**177,809,755**	402,228,398
Cash and cash equivalent	18	**187,631,365**	402,012,254
TOTAL CURRENT ASSET		**478,262,496**	859,813,835
Assets held-for-sale	19	**58,382,144**	-
TOTAL ASSETS		**4,346,766,480**	3,938,465,009
EQUITY AND LIABILITIES			
Equity			
Share capital	1	**1,604,574,830**	1,604,574,830
Statutory reserve	20	**1,000,000,000**	1,000,000,000
General reserve	21	**208,791,276**	208,791,276
Other reserves		**27,558,030**	234,668,533
Retained earnings		**790,174,815**	557,800,915
Equity attributable to the shareholders of the parent		**3,631,098,951**	3,605,835,554
Non-controlling interests	22	**25,529,293**	35,371,209
TOTAL EQUITY		**3,656,628,244**	3,641,206,763
NON- CURRENT LIABILITIES			
Employees' defined benefits liabilities	23	**12,932,698**	13,514,111
Long-term loans	24	**275,258,947**	-
TOTAL NON-CURRENT LIABILITIES		**288,191,645**	13,514,111
CURRENT LIABILITIIES			
Current portion of lease liabilities	10	**-**	6,016,037
Current portion of long-term loans	24	**15,827,573**	-
Short-term loans	24	**71,665,290**	-
Trade and other payables	25	**182,951,577**	122,612,522
Dividends payable	26	**114,722,804**	120,627,400
Amounts due to related parties	16	**3,853,912**	5,019,472
Zakat payable	27	**11,163,964**	29,468,704
TOTAL CURRENT LIABILITIES		**400,185,120**	283,744,135
Liabilities associated with the assets held-for-sale	19	**1,761,471**	-
TOTAL LIABILITIES		**690,138,236**	297,258,246
TOTAL EQUITY AND LIABILITIES		**4,346,766,480**	3,938,465,009

Mr, Ayman Bin Hamza Saeed VP of Finance	Eng, Saleh Bin Habdan Alhabdan CEO	Eng, Anas Bin Mohamed Serafy Vice Chairman

The attached notes 1 to 41 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2022
Saudi Riyal

	Note	2022	2021
Revenues	28	**330,283,906**	129,091,861
Costs of revenues	29	**(141,300,217)**	(85,371,569)
Gross Profit		**188,983,689**	43,720,292
Selling and marketing expenses	30	**(191,000)**	**-**
General and administrative expenses	31	**(55,566,201)**	(59,207,616)
Other operating expenses	32	**(8,859,067)**	(21,322,244)
Reversal (provision) of impairment on trade receivables	15	**8,827,067**	(61,277,406)
Operating profit (loss)		**133,194,488**	(98,086,974)
Dividends from financial assets at FVOCI	33	**10,482,948**	17,468,432
Group’s share of results of associates	12	**(578,012)**	(3,077,877)
Finance costs	24	**(1,402,974)**	**-**
Other income (expenses), net	34	**16,082,946**	(5,415,793)
Profit (loss) before zakat from continuing operations		**157,779,396**	(89,112,212)
Zakat expense	27	**(6,252,142)**	(20,234,458)
NET PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**151,527,254**	(109,346,670)
Discontinued operations			
Loss after zakat from discontinued operations	19	**(21,817,668)**	(14,501,634)
Net profit (loss) for the year		**129,709,586**	(123,848,304)
Net gains (losses) for the the year attributable to:			
Shareholders of the Parent Company		**139,570,012**	(117,294,908)
Non-controlling interests		**(9,860,426)**	(6,553,396)
		129,709,586	(123,848,304)
Earnings/(loss) per share:	35		
Basic		**0.87**	(0.73)
Diluted		**0.87**	(0.73)

Mr, Ayman Bin Hamza Saeed	Eng, Saleh Bin Habdan Alhabdan	Eng, Anas Bin Mohamed Serafy
VP of Finance	CEO	Vice Chairman

The attached notes 1 to 41 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022
Saudi Riyals

	Note	2022	2021
Net profit (loss) for the year		**129,709,586**	(123,848,304)
OTHER COMPREHENSIVE INCOME:			
Item that that may be reclassified to consolidated statement of income in subsequent periods:			
Net change in fair value of cash flow hedges	36	**15,346,675**	-
Reclassification of realized portion from cash flow hedge in the consolidated statement of Income	36	**209,618**	-
Item that that will not be reclassified to consolidated statement of income in subsequent periods:			
Net unrealized (loss) from revaluation of financial assets at FVOCI	11	**(131,395,620)**	788,173,711
Re-measurements of employee benefits from continued operations	23	**1,494,770**	546,327
Re-measurements of employee benefits from discontinued operations	19	**69,237**	80,293
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME		**(114,275,320)**	788,800,331
Total comprehensive income for the year		**15,434,266**	664,952,027
Total comprehensive income attributable to:			
Shareholders of the Parent Company		**25,263,397**	671,467,959
Non-controlling interests		**(9,829,131)**	(6,515,932)
		15,434,266	664,952,027

Mr, Ayman Bin Hamza Saeed	Eng, Saleh Bin Habdan Alhabdan	Eng, Anas Bin Mohamed Serafy
VP of Finance	CEO	Vice Chairman

The attached notes 1 to 41 form part of these consolidated financial statements.

TAIBA INVESTMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2022
Saudi Riyals

	Equity attributable to the shareholders of the parent						Non-controlling interests	Total equity
	Share capital	**Statutory reserve**	**General reserve**	**Other reserves**	**Retained Earnings**	**Total**		
Balance as at 31 December 2021	**1,604,574,830**	**1,000,000,000**	**208,791,276**	**234,668,533**	**557,800,915**	**3,605,835,554**	**35,371,209**	**3,641,206,763**
Net profit for the year	**–**	**–**	**–**	**–**	**139,570,012**	**139,570,012**	**(9,860,426)**	**129,709,586**
Other Comprehensive loss for the year	**–**	**–**	**–**	**(114,306,615)**	**–**	**(114,306,615)**	**31,295**	**(114,275,320)**
Total comprehensive Income for the year	**–**	**–**	**–**	**(114,306,615)**	**139,570,012**	**25,263,397**	**(9,829,131)**	**15,434,266**
Disposal of financial assets FVOCI	**–**	**–**	**–**	**(92,803,888)**	**92,803,888**	**–**	**–**	**–**
Change in non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(12,785)**	**(12,785)**
Balance at 31 December 2022	**1,604,574,830**	**1,000,000,000**	**208,791,276**	**27,558,030**	**790,174,815**	**3,631,098,951**	**25,529,293**	**3,656,628,244**

Mr, Ayman Bin Hamza Saeed	Eng, Saleh Bin Habdan Alhabdan	Eng, Anas Bin Mohamed Serafy
VP of Finance	CEO	Vice Chairman

The attached notes 1 to 41 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
For the Year Ended 31 December 2022
Saudi Riyals

	Equity attributable to the shareholders of the parent						Non-controlling interests	Total equity ownership
	Share capital	Statutory reserve	General reserve	Other reserves	Retained earnings	Total		
Balance as at 31 December 2020	1,604,574,830	1,000,000,000	208,791,276	(199,202,305)	1,041,606,914	3,655,770,715	41,892,559	3,697,663,274
Net loss for the year	–	–	–	–	(117,294,908)	(117,294,908)	(6,553,396)	(123,848,304)
Other comprehensive Income for the year	–	–	–	788,762,867	–	788,762,867	37,464	788,800,331
Total comprehensive Income for the year	–	–	–	788,762,867	(117,294,908)	671,467,959	(6,515,932)	664,952,027
Dividends (note 25)	–	–	–	–	(722,058,674)	(722,058,674)	–	(722,058,674)
Disposal of financial assets FVOCI	–	–	–	(355,547,583)	355,547,583	–	–	–
Write-off of employees' defined benefits liabilities	–	–	–	655,554	–	655,554	–	655,554
Change in non-controlling interests	–	–	–	–	–	–	(5,418)	(5,418)
Balance at 31 December 2021	1,604,574,830	1,000,000,000	208,791,276	234,668,533	557,800,915	3,605,835,554	35,371,209	3,641,206,763

Mr, Ayman Bin Hamza Saeed	Eng, Saleh Bin Habdan Alhabdan	Eng, Anas Bin Mohamed Serafy
VP of Finance	CEO	Vice Chairman

The attached notes 1 to 41 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOW
For the year ended 31 December 2022
Saudi Riyals

	Note	2022	2021
Operating Activities			
Profit (loss) before zakat from continuing operations		**157,779,396**	(89,112,212)
loss before zakat from discontinued operations		**(21,817,668)**	(14,501,634)
		135,961,728	(103,613,846)
Adjustments to reconcile income before zakat to net cash flow:			
Depreciation of property and equipment	7	**21,765,556**	19,190,327
Amortization of intangible assets	8	**739,097**	737,694
Depreciation of investment properties	9	**6,749,113**	3,380,672
Depreciation on right-of-use asset	10	**-**	2,642,882
Gains on sale of property and equipment		**(59,088)**	(262,936)
Provision of employees' defined benefits liabilities	23	**2,799,898**	3,507,556
(Reversal) provision for impairment of trade receivables		**(8,827,067)**	61,277,406
(Reversal) Impairment loss of amounts due from related parties		**(3,259,267)**	-
Loss from discontinued operations	19	**21,817,668**	14,501,634
Loss from impairment of inventories		**188,515**	286,862
Provision for legal cases obligations		**6,300,885**	9,087,841
Finance costs		**1,402,974**	-
Gains from compensation received for expropriated land		**(3,198,331)**	-
Gains from sale of investment in associate		**(3,000,000)**	-
Unwinding of discount of other non-current assets	12-2	**(936,757)**	(1,082,636)
Dividends from financial assets at FVOCI	33	**(10,482,948)**	(17,468,432)
Group's share of results of associates	12	**578,012**	3,077,877
(Reversal) provision of losses of investment in associates	12-4	**(1,715,508)**	10,884,747
		166,824,480	6,147,648
Working capital adjustments:			
Trade receivables		**12,634,942**	(57,510,674)
Prepayments and other current assets		**4,303,399**	(7,516,494)
Inventories		**277,051**	470,602
Trade and other payables		**28,473,379**	23,553,904
Related parties		**21,330,938**	(1,944,400)
Cash from (used in) operations		**233,844,189**	(36,799,414)
Paid employees' defined benefits liabilities	23	**(1,440,885)**	(4,004,058)
Zakat paid	27	**(24,487,063)**	(9,449,928)
Net cash flows from (used in) operating activities		**207,916,241**	(50,253,400)

The attached notes 1 to 41 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOW (Continued)
For the Year Ended 31 December 2022
Saudi Riyals

	Note	2022	2021
INVESTING ACTIVITIES			
Devidends received		**10,482,948**	17,468,432
Short-term investments		**-**	220,000,000
Additions to property and equipment	7	**(198,919,019)**	(151,769,369)
Additions to investment in properties	9	**(236,528,241)**	(1,060,935)
Additions of investments in equity instruments		**(459,391,837)**	-
Advances to contractors for projects under development		**(83,947,752)**	-
Additions to intangible assets	8	**-**	(662,337)
Net movement in biological assets		**-**	650,427
Proceeds from disposal of property and equipment		**61,304**	630,080
Proceeds from compensation for expropriated land		**4,325,831**	-
Proceeds from sale of investments in financial assets at OCI		**204,423,247**	944,552,221
Proceeds from investment in an associate under liquidation		**4,500,000**	11,518,560
Net movement of assets held-for-sale and associated liabilities		**(17,686,937)**	-
Net cash flows (used in) from investing activities		**(772,680,456)**	1,041,327,079
FINANCING ACTIVITIES			
Dividends paid	26	**(5,904,596)**	(709,366,717)
Net change in lease liabilities	10	**(2,098,724)**	(3,719,403)
Loans		**359,200,000**	-
Finance costs paid		**(800,569)**	-
Changes in non-controlling interests	22	**(12,785)**	(5,418)
Net cash flows from (used in) financing activities		**350,383,326**	(713,091,538)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(214,380,889)**	277,982,141
Cash and cash equivalents at beginning of the year		**402,012,254**	124,030,113
Cash and cash equivalents at end of the year		**187,631,365**	402,012,254
SIGNIFICANT NON-CASH TRANSACTION			
Unrealized (losses) from revaluation of financial assets at FVOCI		**(131,395,620)**	788,173,711
Net change in fair value of cash flow hedges		**15,346,675**	-
Remeasurement of defined employee benefits liability		**1,494,770**	546,327
Additions to property and equipment		**47,691,103**	8,845,570
Additions to right of use of asset		-	3,917,313
Additional inventory from biological assets		-	5,208,824

Mr, Ayman Bin Hamza Saeed	Eng, Saleh Bin Habdan Alhabdan	Eng, Anas Bin Mohamed Serafy
VP of Finance	CEO	Vice Chairman

The attached notes 1 to 41 form part of these consolidated financial statements.

1- CORPORATE INFORMATION

Taiba Investment Company ("Taiba", "The Company" or "Parent Company") has been formed as per the Royal Decree number M/41 dated 16, 06, 1408(H), Its formation has been declared according to the decision of His Excellency the Minister of Trade and Investment No. 134 dated Safar 13, 1409H, corresponding to September 24, 1988 and Commercial Register No. 4650012403. The Extraordinary General Assembly held on May 14, 2019 agreed to amend article (2) of the Company's By-laws regarding changing the name of Taiba Holding Company to Taiba Investment Company. The Company's articles of association were amended on 21 May 2019.

The Company's registered office is located at Madinah Munawarah, P. O Box 7777, Post Code 41472 - Kingdom of Saudi Arabia

The Company's main activity is the following (owning real estate, hotels, hospitals, recreational and tourism facilities and investing in them by selling or buying, renting, managing and operating, operating management of cities, facilities, public facilities and contracting in architectural, civil, mechanical, electrical, agricultural, industrial, mining, credit and mortgage service) the Company practices its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the concerned authorities, if any.

The Company may have an interest or participate in any way with bodies, companies or individuals that engage in similar activities or which may assist in achieving its purpose as it may merge or incorporate or purchased and may invest funds that achieves its interests.

As at December 31, 2022, the share capital of the Company amounting to SR 1.604 million (December 31, 2021: SR 1.604 million), consisting of 160,5 shares (December 31, 2021: 160,5 shares) fully paid up, with a par value of SR 10 each.

On June 13, 2021, Taiba Investment Company announced the start of preliminary discussions with Dur Hospitality Company (a Saudi Joint Stock Company) to study the merge of both companies, and it was announced on March 13, 2022 that these discussions would be terminated and not to continue studying the merge process. On 17-12-2022, a memorandum of understanding has been signed that both companies decided to re-discuss and study a potential transaction, accordingly, the two companies concluded a non-binding memorandum of understanding regarding a potential securities swap transaction, including a non-binding agreement about the structuring and share swap, and if the merge was agreed upon, this will be subject to the terms and approvals of the concerned regulatory authorities, as well as the approval of the extraordinary general assembly of both companies, provided that the structure for implementing the potential transaction is through a share swap offer submitted by Taiba Investment Company (in its capacity as the offeror) to the shareholders of Dur Hospitality (as the offeree) for the purpose of owning all issued shares in Dur Hospitality, in exchange for issuing new shares in Taiba Investment Company to the shareholders of Dur Hospitality in accordance with the provisions of the Merging and Acquisition Regulations issued by the Board of the Capital Markets Authority and other relevant laws and regulations, which will result in the delisting of Dur Hospitality so that it becomes a wholly owned company to Taiba Investment Company.

The Company has investments in the following subsidiaries (collectively referred to as the "Group") as at 31 December 2022:

(A) Companies subject to the direct control of Taiba Investment Company, which was consolidated in these financial statements

Subsidiary Name	**Country of corporation**	**Principal activities**	**Direct holding (%) as at December 31** **2022**	2021
Al Aqeeq Real Estate Development Company	Kingdom of Saudi Arabia	Real estate development	**100%**	100%
Arab Resorts Areas Company (ARAC)*	Kingdom of Saudi Arabia	Hospitality and tourism	**99,96%**	99,96%
Taiba Agriculture Development Company (TADEC)**	Kingdom of Saudi Arabia	Agriculture	**54.80%**	54.80%

1- CORPORATE INFORMATION (CONTINUED)

* At 17 Dhul Qidah 1442H corresponding to 27 June 2021, the 14th Extraordinary General Assembly of the shareholders of Arab Resorts Areas Company (ARAC) decided to approve the recommendation of the company's board of directors for voluntary liquidation, and accordingly, it was agreed to appoint Dr. Mohamed Al-Amri & Co. (BDO) in order to liquidate Arab Resorts Areas Company (ARAC) according to Companies' Law as of July 1, 2021. Tourism activity will continue to be managed by Al Aqeeq Real Estate Development Company, which is wholly owned by Taiba. As at the date of consolidated financial statements, the liquidation procedures are under process.

** On 21 June 2022, the 36th Ordinary Assembly of Taiba Agriculture Development Company decided to approve the recommendation of the company's board of directors for voluntary liquidation, and accordingly, the appointment of Allied Abdullatif bin Suleiman Lawyers and Legal Consultants and Al-Thunayan Professional Consulting Company is approved for appointing as a liquidator of company's business in light of the provisions of the Companies' Law. The procedures for appointing the liquidator didn't complete as the liquidator apologized. The procedures to appoint another liquidator are under process until the date of issuing these consolidated financial statements. Its activities have been classified under discontinued operations, assets and liabilities held-for-sale.

(B) Companies subject to the direct control of Taiba Investment Company, which was consolidated in these financial statements

Subsidiary Name	Country of corporation	Principal activities	Direct holding (%) As at December 31 2022	2021
Tawd Real Estate Management and Marketing Company (Tawd)	Kingdom of Saudi Arabia	Real Estate Management and Marketing	**100%**	100%

On 13 Rajab 1443H (corresponding to 14 February 2022), the General Assembly of Tawd registered under CR No. (4650028278) decided to approve the recommendation of the Board of Directors of the company for voluntary liquidation, and accordingly, it was approved to appoint BDO to liquidate the business of Tawd in light of the provisions of the Companies' Law as at February 15, 2022 and to authorize Al-Aqeeq to complete all the resulting procedures. As at the date of the consolidated financial statements, liquidation proceedings were still in progress.

The consolidated Financial Statements were authorized for issue by the Group's Board Directors on 09 Sha'aban 1444H (corresponding to 01 March 2023).

2- BASIS OF PREPARATION

2.1 Statement of Compliance

financial statements of the consolidated have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("IFRS").

The CMA announced on December 30, 2019 that it obliges listed companies to continuously follow the cost model for measuring property and equipment (IAS 16) and investment properties (IAS 40) in financial statements prepared for financial periods within the financial years which begin before 2022. The CMA also requires listed companies to follow the cost model to measure property and equipment and Intangible assets for five years starting from January 1, 2020. The Group complied with the requirements included in the consolidated financial statements.

2.2 Basis of measurement

The consolidated financial statements have been prepared in accordance with the principle of historical cost, except for financial asset at FVOCI financial derivatives instruments which shall be valued at fair value. Employees' defined benefits liabilities are recognized at the current value of future obligations using the expected actuarial credit unit method.

2- BASIS OF PREPARATION (CONTINUED)

2.3 Functional and presentation currency
The financial statements are presented in Saudi Riyals (SR) which is also the Group's functional currency except when otherwise indicated.

2.4 Use Judgments and estimates
The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. The management's estimates in the application of accounting policies, calculation methods and main sources of estimates are the same applied in the financial statements for the year ended December 31, 2021.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:
- Sensitivity analyses (notes 23)
- Financial risks management (note 38)
- Capital management (note 39)

Judgements
In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated Financial Statements:

Revenue from contracts with customers
The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers.

Determining method to estimate variable consideration and assessing the constraints
Some contracts relating to the sale of goods or the provision of contractual services resulting in a variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be is, the due.

The Group determined that the expected value method is the most appropriate way to be used to estimate the variable consideration for selling goods or providing the service as the chosen method better predicts the variable consideration given by the customer based on the limits of quantity provided during the period. Since the group provides the amounts of the goods agreed upon with the price that is variable when the quantity changes.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, uncertainty about the variable consideration will be resolved within a short-term range.

GOING CONCERN
The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Estimations 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 differences in the carrying amounts of assets and liabilities within the subsequent financial year, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated 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 Group. Such changes are such in the assumptions when they occurrence. The following are information about assumptions and uncertainty from estimation.

2- BASIS OF PREPARATION (CONTINUED)

2.4 Using Judgments and estimates (continued)

Classification of investment properties
The Group determines whether a property qualifies as an investment property in accordance with IAS 40 Investment Property. In making such judgment, the Group considers whether the property generates cash flows largely independent of other assets held by the Group.

Operating lease classification – Group as lessor
The Group entered into commercial leases for its investment property The Group has determined, based on an Estimation of the terms and conditions of the arrangements, that as the lease term not constituting a major part of the economic life of the property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Measurement of employee benefit obligation
The Group'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 (23).

Provision for expected credit losses (ECL) of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in notes 38 and 15.

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

Estimate of 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 Group 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:

2- BASIS OF PREPARATION (CONTINUED)

2.4 Using Judgments and estimates (continued)

Estimate of fair value of assets and liabilities(continued)

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- 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).
- 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 Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at December 31, 2022 and December 31, 2021, there is no movement between levels.

The carrying values and fair values of financial assets and liabilities including their fair value hierarchy are disclosed. It doesn’t include information about fair value of financial assets and financial liabilities not measured at fair value if book value reasonably equals fair value in note (39).

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except what was clarified in Note (4).

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (“Group”) as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

The Group re-assesses whether or not it exercise control over the investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date the Group obtains control until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of "Other Comprehensive Income" ("OCI") are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, equity, liabilities, income, expenses and cash flows relating to transactions between members of the Group companies are eliminated in full on consolidation.

A change in the ownership share of a subsidiary not have lead to a loss of control within equity,

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, and other components of equity for the subsidiary, while any resultant gain or loss is recognised in the consolidated statement of income. Any investment retained is recorded any at fair value.

These consolidated financial statements include the financial statements of the parent company and subsidiaries as in note (1). The financial statements of the subsidiary are prepared for the same period as the parent company.

3.2 Business combinations and goodwill

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

When the Group acquires a entity or business, it assesses the financial assets and liabilities controlled for appropriate classification in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Business combinations and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the percentage of disposed activities from the remaining portion of the cash-generating unit..

3.3 Investments and financial assets

1) Investment in associates

Parent Company's investment in associate is accounted by equity method. An associate is an entity over which the Parent Company has significant influence. Significant influence is the ability to participate in the financial and operating policy decisions for the investee, but is but not control or joint control over those policies.

Under the equity method, the investment in an associate is recognized in the consolidated statement of financial position at cost, plus the Parnet Company's share in changes after acquiring the business in net assets of the associate. Goodwil related to the associate is added to the investment carrying amount and is not amortized or reviewed on an individual basis to determine the impairment.

The Company's consolidated statement of income reflects the Parent Company' share in the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Parent Company recognizes its share of any change and disclose this, when applicable, in the consolidated statement of other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same period as the Parent Company. When needed, adjustments are made to match the accounting policies with that of the Parent Company.

After application of the equity method The Parent Company determines whether it is necessary to recorded an impairment loss for the investment of Parent Company in Associates. The Parent Company determines at each consolidated statement of financial position date whether there is any objective evidence that the investment in associates is impaired. If so, the Parent Company then accounts the amount of impairment as the difference between the recoverable amount from the associate and its carrying amount, and recognizes the amount in the consolidated statement of income under "impairment losses in investment in investee".

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

Unquoted shares

Fair value is determined based on the market value when there is an open market, in the absence of an open market, fair value is determined based on the market value of a similar investment or on the basis of predicted discounted cash flows and other related factors.

Changes in fair value are credited / charged to the consolidated statement of other comprehensive income. If there is objective evidence of an impairment in the value of investments, then the fair value of the investment is determined, and the impairment loss is recognized in the consolidated statement of other comprehensive income.
In assessing impairment, the expected future cash flows and other factors are taken into consideration. Where partial holdings are sold, the related carrying value of such investments are accounted for on a weighted average basis.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Investments and financial assets (continued)

2) Investment propertise

Investment properties include lands, buildings, and equipment held by the Group for rental or capital development, or both. Investment property is measured at cost less accumulated depreciation and any impairment losses, if any. Depreciation is calculated over depreciable amount, which is the cost of an asset or other amount substitute for cost, less its residual value. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. When parts of an item of investment property have different useful lives, they are accounted for as separate items (major components) of investment property and equipment.

The cost of replacing a part of an item of investment properties is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of investment properties is recognised in the consolidated statement of profit or loss as incurred.

Any income or losses due to disposal of investment properties (representing the difference between the proceeds from disposal and the carrying amount of the disposed property) are recognised in the consolidated statement of income.

The rates of depreciation based on the estimated useful lives are as follows:

Asset	**Annual depreciation percentage**
Buildings	1.5 – 3
Equipment	5 – 20
Furniture and office equipment	5 – 20

The depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted prospectively, if required. Transfers are made from investment properties to other operating properties categories only when there is a change in use evidenced by commencement of related activity such as development with a view to sell. Such transfers are made at the carrying value of the properties at the date of transfer.

3.4 Property and equipment

Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials, direct labor, and any other costs directly attributable to preparing the asset for its intended use, the costs of dismantling, removing, and reinstalling on the job site, and borrowing costs to qualify the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses is determined when any item of property and equipment is disposed of by comparing the proceeds from disposal with the carrying amount of the asset and is recognized net within other income in the consolidated statement of income.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property and equipment (continued)

Subsequent measurement
The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation
Depreciation is calculated based on the depreciable amount, which is the cost of an asset or other amount substitute for cost, less its residual value.

Depreciation is charged recognized in the consolidated statement of Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. No depreciation for lands or unfruitful trees.

The rates of depreciation based on the estimated useful lives are as follows:

Asset	Annual depreciation percentage
Buildings	1.5 – 3
Equipment and furniture	5 – 20
Bearer plant	2
Motor Vehicles	25

The Group reviews depreciation methods, useful lives and residual value of property, plant and equipment at least at the end of each financial year and in case there are any differences, they are considered as change in accounting estimates (in the change year and the subsequent years).

5.3 Assets and liabilities classified as held-for-sale
Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held-for-sale. Immediately before classification as held-for-sale, the assets, or components of a disposal group, are re-measured in accordance with the Group’s accounting policies. Thereafter generally the assets, or and group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group’s accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.
A discontinued operation is a component (cash generating unit) of an entity that either has been disposed of or is classified as held-for-sale and:

- Represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.3 Assets and liabilities classified as held-for-sale (continued)

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, comparative statements of income and other comprehensive income is re-presented as if the activity had been classified under discontinued operations from the start of the comparative period; whereas, the statement of financial position for the comparative period is not restated.

3.6 Intangible assets
Intangible assets which are acquired are measured seperately on itial recognition at cost. Cost of intangible assets acquired based on business combinations represents the fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Intangible assets internally developed (except for capitalized development costs) are not capitalized and expenses are included in the consolidated statement of profit or loss at the date of its maturity

Gains or losses arising from derecognising intangible assets are measured as the difference between the net of disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

Intangible assets with finite live are amortized over the useful economic life. Cost of intangible assets is amortized on a straight-line basis over the life life Asset as follows:

Computer software	5 years

The useful lives of intangible assets with finite useful lives are reviewed regularly on the date of each reporting period.

3.7 Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or instrument of another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, or fair value through other comprehensive income (OCI) or fair value through consolidated statement of comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through comprehensive statement of comprehensive income, transaction costs. Trade receivables that do not contain a significant financing component or for that do In accordance with Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (16-3) Revenue from contracts with customers.

In order for a debt financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through comprehensive statement of comprehensive, irrespective of the business model.
The Group's financial asset management business model indicates how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will arising from collecting contractual cash rise, selling the financial asset, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through the consolidated statement of comprehensive income.

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of comprehensive income when the asset is derecognised, modified or impaired.

The Company’s financial assets at amortised cost include trade accounts receivables and other receivables.

Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to the consolidated statement of income.

Financial assets designated at fair classified value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an item-to-item basis.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (continued)

Financial assets (continued)

Financial assets designated at fair value through OCI (equity instruments) (continued)
Gains and losses on these financial assets are never recycled to the consolidated statement of comprehensive income. Dividends are recognised as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at FVOCI
Financial assets classified at FVOCI are charged in the consolidated statement of financial Position with net changes in fair value included in the consolidated statement of comprehensive income.

Subsequent measurement
This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends from investments in equities listed as other income are included in the consolidated statement of comprehensive income when the right to pay is established.

The derivative instrument included in the mixed contract with the financial liability or the main non-financial contract is separated from the main contract and the instrument is accounted as an independent derivative, in case the economic characteristics and risks are not closely related to the main contract, with another independent instrument with the same terms and conditions that meets the definition of derivative without measuring the mixed contract at fair value through the consolidated statement of comprehensive income. Implicit derivative instruments are measured at fair value with changes in fair value included in the the consolidated statement of comprehensive income. Reestimation occurs only if there is a change in the terms and conditions of the contract that would substantially adjust cash flows or reclassify the financial asset off the fair value through the consolidated statement of comprehensive income.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the consolidated Group's statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises the liabilities associated to asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (continued)

Financial assets (continued)

Impairment on financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through consolidated other comprehensive income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, an expected loss allowance is required over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date after forming a provision for accounts receivables not expected to be collected. The Group has made a provision matrix that is based on the experience of prior credit losses, adjusted to future factors related to debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there is a substantial increase in credit risk when contractual payments are due for more than 60 to 90 days more than the due date.

The Group considers a financial asset in default when contractual payments are 90 days. In some cases, the Group may also consider that the financial asset to be in default when internal and external information indicates that the Group is not probable not receive the full existing contractual amounts before taking into account the credit improvements held by the Group. A financial asset is written off in the case there is no reasonable expectation of from the contractual cash flows.

Financial liabilities

Recognition and initial measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the consolidated statement of comprehensive income - as borrowings and loans - and payables. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payable, accruals, loans, islamic murabaha contracts, including facilities for bank overdrafts.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (continued)

Financial liabilities (continued)

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below: Financial liabilities at fair value through the consolidated statement of comprehensive income include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the consolidated statement of comprehensive income.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Implicit independent derivatives are also classified as held for trading unless they are classified as effective hedges.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through consolidated statement of comprehensive income are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost (borrowings).
This is the category most relevant to the Group. After initial recognition, borrowings bearing interests are subsequently measured at amortised cost using the effective interest method ("EIR"). Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the EIM amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

Derecognition
Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification or an is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recorded in the consolidated statement of comprehensive income.

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

3.8 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured for any changes in their fair value. Derivative are carried as financial assets when the fair value is positive and as a financial liability when the fair value is negative. Any gains or losses arising from the changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Derivative financial instruments and hedge accounting (continued)

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting years for which they were designated.

If a hedging relationship ceased to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

When the Group discontinues hedge accounting for a cash flow hedge, the amount that has been accumulated in the cash flow hedge reserve remains in other comprehensive income if the hedged future cash flows are still expected to occur, until such cash flows occur. If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified to profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised without replacement or rollover (as part of the hedging strategy), or when the hedge no longer meets the criteria for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument previously recognised in other comprehensive income is retained separately in other comprehensive income until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss for the period.

3.9 Biological assets

Biological assets are measured at fair value less cost to sell. The selling costs include the additional costs of selling and the estimated costs of transporting it to the market, but not the financing costs. Palm trees are seed bearing plants and thus are presented and accounted for as property and equipment. However, dates that grow on trees are accounted for as biological assets up to harvest date. Date harvest is transferred to inventories at fair value less costs to sell at harvest. Changes in the fair value of the fruits before harvest are recognized in the statement of Income.
Farming costs such as water charges, labor costs and fertilizers charges are expensed as incurred.

3.10 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined on weighted average basis and includes expenditure incurred in bringing them to their existing location and condition. The cost of goods includes all transportation and preparation costs. Net realizable value is the estimated selling price in the ordinary course of business after deducting the estimated costs of completion and sale.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Cash and cash equivalents

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

3.12 Employees benefit obligations defined

General description of the defined employee benefit liabilities plan

The Group 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 subsequent / remaining service, including fractions of the year. The end of service benefit plan is unfunded.

End of service benefits

The defined benefit plan is a compensation plan paid to employees after their services are completed and in accordance with the Saudi Labor Law, the Group makes payments to employees upon completion of their services, which are usually based on years of service, salary and reason of termination.

Evaluation methodology and key assumptions for the actuarial study

In compliance with the requirements of IAS 19 “Employee Benefits”, the end of service indemnity is determined by actuarial valuation using the projected unit credit method at the end of each financial year. Gains and losses resulting from actuarial revaluation are recorded in the statement of comprehensive income for the period in which revaluation occured. Re-measurement is recognized in the consolidated statements of comprehensive income and is not included in profit or loss. The cost of the previous service is calculated in profit or loss during the plan adjustment period. Interest is calculated by applying the discount rate at the beginning of the period to the specified employee benefit liability.
The cost of the current service of the defined benefit plan is recognized in the statement of Income under employee 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 stated in the statement of Income.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged in equity in the consolidated statement of other comprehensive income in the period in which they arise.
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- measurements

Short term employee 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 Group contributes to the retirement benefits of employees in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employees' remuneration. Payments are treated to government-managed pension benefit plans as payments to specific contribution plans as the Group'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- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Provisions

A provision is recognised if the Group has a present (legal or contractual) obligations at the reporting date arising from previous events and the payment of the obligation may result in outflow of economic benefits and can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax and Zakat rate that reflects current market assessments of the time value of money and the risks to the liability.

3.14 Zakat and tax

Zakat

Zakat is calculated for parent company and its subsidiaries in accordance with the financial regulations applied in KSA. The provision is charged to the consolidated statement of income. Additional amounts, if any, that may be due at the time of the final assessments during the year in which the final assessments are finalized.

Tax on sales

Income, expenses and assets are recognized at net value (less tax sales) except in the following cases:

- If tax sales are earned on the acquisition of assets or services that are not recoverable from the GAZT, in which case tax sales are recognized as part of the cost of purchasing the asset or part of the expenses according to the case.
- Include payables and receivables in the amount of tax sales.

Net tax sales that are recoverable are recognized in sales from - paid to - GAZT within payables and receivables in the balance sheet.

3.15 Dividends

Initial dividends are recorded in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they were approved by the general assembly of shareholders.

3.16 Leases

The Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right to use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for). Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Right-of-use assets (continued)
If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are subject to impairment. Refer to the accounting policies in section "Impairment of non-financial assets".

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce Inventories) in the period in which the payment is made.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such Payments payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.17 Revenue from contracts with customers
The revenues are measured based on the consideration specified in the contract with the customer and the Group recognizes the revenues when it transfers control over the goods or service to the customer over a period of time or at a point in time.

a) Providing services (real estate management and marketing/ maintenance revenues)
Revenues from services rendered are recognized in the statement of Income in proportion with the transaction completion rate at the report date for long-term contracts. The completion rate is assessed by reference to the surveys about the work completed. Revenues from other short-term services are recognized when the service is provided.

b) Hotel services revenues
Revenues from hotel accommodation, hotel rental services, food and beverage services and sales from owned and leased hotels under the Group's trademark are recognized. Revenues from occupying the rooms, sales, food and beverage are recognized when service is provided.

c) Leases revenues (revenue of real estate leases)
Leases income from investment property are recognized in the statement of income on a straight-line-basis over the lease period. Rental incentives granted are included as part of total rental payments over the lease period.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Revenues and financing costs

The financing revenues include Islamic murabaha on money invested in funds dividends income recognized in the statement of income.
Revenues from Islamic murabaha are realized in the statement of income on accrual basis using the actual interest method.

The cost of finance includes interest expense on loans, provision for discount reduction, and impairment losses for financial asset. The cost of finance is recognized, which is not directly attributable to the acquisition or creation or production of an eligible asset, in profit or loss using the actual interest method.

3.19 Expenses

Marketing expenses and general and administrative expenses include direct and indirect costs not specifically part of cost of revenue. Selling and marketing expenses are those arising from the Group efforts underlying the selling and marketing functions.

All other expenses, except cost of revenue and financing charges, are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

3.20 Segment reporting

A business segment is group of assets, operations and entities:

(i) engaged in business activities from which it earns revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components;

(ii) the results of its operations are continuously analysed by chief operating decision maker in order to make decisions related to resource allocation and performance assessment (for which financial information is discretely available).

4- CHANGES IN ACCOUNTING POLICIES OF THE COMPANY

The accounting policies adopted in the preparation of consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards which are effective from 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several other amendments and interpretations been applied for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group.

4-1 Amendments to IFRS 3: Definition of a Business

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual financial statements in which it first applies the amendments (the date of initial application). These amendments had no impact on the consolidated financial statements of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

4- CHANGES IN ACCOUNTING POLICIES OF THE COMPANY (CONTINUED)

4-2 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases.

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PPE made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

4-3 IFRS 9 Financial Instruments – Fees in the 10% test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual financial statements in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

4-4 IFRS 1 First-time Adoption of International Financial Reporting Standards- first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Company as the Company is not applying the IFRS for the first time.

4-5 IAS 41 "Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the consolidated financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

4-6 Conceptual Framework for Financial Reporting issued on 29 March 2018

The conceptual framework is not standard and none of the concepts contained in it shall exceed any concepts or requirements in any standard. The purpose of the conceptual framework is to assist the International Accounting Standards Board in developing standards and assist financial statements regulators in developing consistent accounting policies in case where applicable standards are met and to assist all parties to understand and interpret standards. The revised conceptual framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments have no impact on the Group's consolidated financial statements.

5- STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The Group studies the expected effect of the amendments on its financial statements.

5-1 IFRS 17 "Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

5-2 Amendments to IAS 1: Classification of Liabilities as current or non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- 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
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact of the amendments on current practice and whether existing loan agreements may require renegotiation.

5-3 Definition of Accounting Estimates - Amendments to IAS 8

On February 2021, IASB issued an amendment over IAS 8 where it provided definition for "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, it clarifies how entities use measurement techniques and inputs of accounting estimates.

Amendments apply for the periods of annual financial statements on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after that period. Early application is permitted if it was disclosed. The amendments are not expected to have a material impact on the financial statements of the Company.

5- STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

5.4 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments, in which it provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

5.5 Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The Company is currently assessing the impact of the amendments

6- SEGMENT REPORTING

For administrative purposes, the Group consists of business units based on products and services provided by it and it has several sectors for which the report is prepared as follows:
For management purposes, the Group consists of business units in accordance to its operations and has the following sectors that shall be reported:

A) Real estate sector **-** includes leasing services and commercial centers owned by the Group and managing properties, and this is one of the major sectors of the Group.

B) Tourism sector **-** includes the operation and accommodation of hotels, hotel suites and tourist resorts.

C) Agriculture sector **-** includes the activity of planting and selling dates and some other agricultural products **-**(the activities of segments as discontinued operations and assets and liabilities of the segment were classified for the purpose of selling).

D) Headquarter **-** includes the Company's Headquarter and the financial information regarding other investments owned by the Group.

6- SEGMENT REPORTING (CONTINUED)

The sectors' performance is evaluated based on income or loss and measured based on fixed basis in accordance with profit or loss in the consolidated financial statements. However, the group's financing (including financial burdens) are managed on the Group level basis and not distributed to the operating sectors and revenues.

The Group and its subsidiaries activities occur in KSA. The following is an analysis to the sector information:

	Real Estate	Tourism	Agriculture*	Head Office	Elimination of inter segment revenue	Total
2022						
Revenues	**130,540,252**	**199,743,654**	**–**	**–**	**–**	**330,283,906**
Revenues cost (without depreciation)	**(17,438,310)**	**(96,154,441)**	**–**	**–**	**–**	**(113,592,751)**
Depreciation and amortization	**(6,854,853)**	**(20,852,613)**	**–**	**–**	**–**	**(27,707,466)**
Gross segment profit	**106,247,089**	**82,736,600**	**–**	**–**	**–**	**188,983,689**
Segment assets	**475,035,693**	**1,327,227,063**	**58,382,144**	**2,833,524,212**	**(347,402,632)**	**4,346,766,480**
Segment liabilities	**55,345,155**	**100,654,336**	**1,761,471**	**879,639,656**	**(347,402,632)**	**689,997,986**
2021						
Revenues	79,769,589	50,126,250	–	–	(803,978)	129,091,861
Revenues cost (without depreciation)	(17,944,039)	(46,503,886)	–	–	803,978	(63,643,947)
Depreciation and amortization	(3,522,982)	(18,204,640)	–	–	–	(21,727,622)
Gross segment profit	58,302,568	(14,582,276)	–	–	–	43,720,292
Segment assets	237,642,726	1,284,344,928	79,072,592	2,379,901,464	(42,496,701)	3,938,465,009
Segment liabilities	17,146,864	43,558,483	843,735	278,205,865	(42,496,701)	297,258,246

* Represents assets held-for-sale and associated liabilities.

7- PROPERTY AND EQUIPMENT

7-1 Movement in property and equipment during the year ended December 31, 2022 is as follows:

	Land	Building	Equipment and furniture	Projects under development	Motor Vehicles	Bearer plant	Non-bearer plant	Total
Cost:								
At beginning of the year	**1,535,332,974**	**791,846,205**	**170,354,053**	**102,076,312**	**2,236,744**	**75,992,242**	–	**2,677,838,530**
Additions	49,791,630	4,314,870	2,019,126	190,484,496	–	–	–	**246,610,122**
Disposals	(1,127,500)	–	(6,617,366)	–	–	–	–	**(7,744,866)**
Transferred to assets held-for-sale (7-5)	(15,101,096)	(5,443,522)	(12,689,688)	–	(1,418,680)	(75,992,242)	–	**(110,645,228)**
Balance at end of the year	**1,568,896,008**	**790,717,553**	**153,066,125**	**292,560,808**	**818,064**	–	–	**2,806,058,558**
Depreciation Impairment								
At the beginning of year	**234,056**	**153,504,519**	**117,124,690**	–	**2,002,864**	**18,262,692**	–	**291,128,821**
Charge for the year	–	13,312,922	8,345,299	–	107,335	–	–	**21,765,556**
Disposals	–	–	(6,615,151)	–	–	–	–	**(6,615,151)**
Transferred to assets held-for-sale (7-5)	(234,056)	(3,841,221)	(9,379,893)	–	(1,410,228)	(18,262,692)	–	**(33,128,090)**
Balance at end of the year	–	**162,976,220**	**109,474,945**	–	**699,971**	–	–	**273,151,136**
Net book value at 31 December 2022	**1,568,896,008**	**627,741,333**	**43,591,180**	**292,560,808**	**118,093**	–	–	**2,532,907,422**

7- PROPERTY AND EQUIPMENT (CONTINUED)

7-2 Movement in property and equipment during the year ended December 31, 2021 are as follows:

	Land	Building	Equipment and furniture	Projects under development	Motor Vehicles	Bearer plant	Non-bearer plant	Total
Cost:								
At beginning of the year	1,308,729,207	694,694,477	142,969,428	26,744,259	3,608,913	63,614,833	11,215,170	2,251,576.287
Additions	52,691,927	24,750,013	6,678,707	75,332,053	–	–	1,162,239	160,614,939
Disposals	–	(64,568,023)	(7,358,908)	–	(1,372,169)	–	–	(73,299,100)
Transfers	–	–	–	–	–	12,377,409	(12,377,409)	–
Transferred from investment properties	173,911,840	136,969,738	28,064,826	–	–	–	–	338,946,404
Balance at end of the year	1,535,332,974	791,846,205	170,354,053	102,076,312	2,236,744	75,992,242	–	2,677,838,530
Depreciation Impairment								
At the beginning of year	234,056	171,959,690	97,920,956	–	3,208,620	10,637,118	–	283,960,440
Charge for the year	–	12,503,617	7,706,900	–	166,408	1,272,297	–	21,649,222
Disposals	–	(60,252,624)	(7,143,645)	–	(1,372,164)	–	–	(68,768,433)
Impairment losses	–	–	337,643	–	–	6,353,277	–	6,690,920
Transferred from investment properties	–	29,293,836	18,302,836	–	–	–	–	47,596,672
Balance at end of the year	234,056	153,504,519	117,124,690	–	2,002,864	18,262,692		291,128,821
Net book value as at 31 December 2021	1,535,098,918	638,341,686	53,229,363	102.076.312	233,880	57,729,550	–	2,386,709,709

7- PROPERTY AND EQUIPMENT (CONTINUED)

7-3 Depreciation charged is detailed below:

	2022	2021
Cost of revenue	**20,807,781**	20,051,361
General and administrative expenses	**957,775**	1,597,861
	21,765,556	21,649,222

7-4 Projects under development are represented in capital expenses for constructing hotels and commercial centers on the Group's lands,

7-5 On June 21, 2022, the thirty-sixth ordinary assembly of Taiba Agriculture Development Company – TADEC decided to approve the recommendation of the Company's board of directors for voluntary liquidation, and accordingly the balance of property and equipment owned by TADEC was reclassified to assets held-for-sale.

7-6 The property includes (4) plot of land owned by the Group, in Al Madinah Al Munawarrah and Riyadh, with a total book value of SR 522 million mortgaged to a local bank in exchange for a loan to carry out a business on it.

8- INTANGIBLE ASSETS

	2022	2021
Cost:		
At beginning of the year	**5,821,471**	9,347,795
Additions	**-**	662,337
Disposals*	**-**	(4,188,661)
Balance at the end of year	**5,821,471**	5,821,471
Accumulated amortisation		
At the beginning of year	**3,062,026**	6,439,591
Amortization during the year	**739,097**	737,694
Disposals*	**-**	(4,115,259)
Balance at the end of year	**3,801,123**	3,062,026
Net carrying amount	**2,020,348**	2,759,445

* Intangible assets represent information systems and technical programs used by the Group. Management disposed technical systems which licenses have not been renewed.

9- INVESTMENT PROPERTIES

	Land	Building	Equipment	Furniture and office equipment	Total
Cost:					
At beginning of the year	131,908,880	123,952,012	13,800,150	4,908,080	274,569,122
Additions during the year	115,619,000	84,634,200	36,246,800	28,241	236,528,241
Disposals	-	-	-	(46,798)	(46,798)
Balance at the end of year	**247,527,880**	**208,586,212**	**50,046,950**	**4,889,523**	**511,050,565**
Accumulated Depreciation					
At beginning of the year	-	27,791,008	9,063,356	3,205,320	40,059,684
Depreciation for the year	-	3,229,248	2,839,491	680,374	6,749,113
Balance at the end of year	**-**	**31,020,256**	**11,902,847**	**3,885,694**	**46,808,797**
Net carrying amount					
At 31 December 2022	**247,527,880**	**177,565,956**	**38,144,103**	**1,003,829**	**464,241,768**
At 31 December 2021	131,908,880	96,161,004	4,736,794	1,702,760	234,509,438

Fair value estimation

9-1 The Group's investment properties consist of 5 commercial properties in Al Madina Al Munawarah and Riyadh (2021: 4 properties) including offices, buildings and shops fully leased to other parties.

9-2 The fair value of investment properties amounted to SR 3,82 billion (2021: SR 3,60 billion). The fair value was determined by an independent external real estate evaluator (Value Strat) accredited by the Saudi Authority for Accredited Valuers ("TAQEEM") to determine the investment properties fair value. The fair value of investment properties were determined using valuation methodologies including significant judgments and estimations. Any significant change in the assumptions used in the fair valuation of investment properties, such as the discount rate, return, rental growth, etc., will result in a significant change in fair value for these assets.

9-3 On 12 March 2020, through the sale agreement of TACOMA, the Group transferred the land and buildings on which it is located with a value of SR 4.3 million for the group under the terms of the agreement, and therefore the land and buildings on which it is located have been reclassified as investment properties. The legal procedures to transfer the ownership of the land and buildings are still under process up to the date of the consolidated financial statements .

9.4 During the period, the Group concluded a transaction amounting to SR 236.5 million for the purchase of commercial center in Riyadh, and the legal requirements related to the transfer of ownership in favor of Taiba were completed and the property was mortgaged in favor of a local bank in order to obtain a long-term loan to finance 80% of the value of the purchase transaction.

10- RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The values below the carrying value for right of use assets of the Company and lease liabilities and its movements during the year, which consist of hotel suites rented for the purpose of operation, which are amortized for 10 years or the term of the contract, whichever is shorter. During 2022, the contracts were terminated and canceled in order to close the suites to start implementing the project of renovation and development of the Taiba Al Madina suits:

Right-of-use assets:

	2022	2021
Balance at beginning of the year	**3,917,313**	2,362,867
Additions during the year	–	15,179,192
Charged during the year	–	(2,642,882)
Disposal	**(3,917,313)**	(8,742,881)
Installments reduced	–	(2,238,983)
Balance at the end of year	–	3,917,313

Lease liabilities:

	2022	2021
Balance at beginning of the year	**6,016,037**	4,451,454
Additions during the year	–	15,314,784
Finance expenses	–	330,663
Disposals	**(3,917,313)**	(8,122,478)
Installments reduced	–	(2,238,983)
Paid during the year	**(2,098,724)**	(3,719,403)
Balance at the end of year	–	6,016,037
Less: Current portion	–	6,016,037
Non-current portion	–	–

11- FINANCIAL ASSETS AT FVOCI

	Note	**2022**	2021
Investment in quoted shares	11-1	**600,575,028**	667,194,206
Investment in unquoted shares	11-2	**29,476,567**	97,016,985
Total		**630,051,595**	764,211,191
Less: Current portion		**177,809,755**	402,228,398
Non-current portion		**452,241,840**	361,982,793

Movements during the year for financial assets at FVOCI was represent as following:

	2022	2021
Balance at beginning of the year	**764,211,191**	932,108,261
Unrealised (loss) gain from revaluation	**(131,395,620)**	788,173,711
Disposals (11-1)	**(199,423,247)**	(944,552,221)
Additions in investments	**256,431,837**	—
Reclassification to investment in associates (11-2)	**(59,772,566)**	—
Compensation against reduction of capital	—	(11,518,560)
Balance at the end of year	**630,051,595**	764,211,191

11 -1 Investment in quoted shares

	Shareholder Direct (%)			
	2022	2021	**2022**	2021
SABIC FOR AGRI-NUTRIENTS*	**0,25%**	1,91%	**177,809,755**	402,228,398
Knowledge Economic City Company**	**9,60%**	3,20%	**349,909,200**	175,497,600
Makkah Construction and Development Company	**0,72%**	0,72%	**72,856,073**	89,468,208
Total			**600,575,028**	667,194,206

* During 2021, it was decided to start selling shares owned by Taiba in SABIC Agri, therefore during 2022 a number of 1.06 million shares were sold, resulting in a realised gain of SR 89 million (December 31, 2021: 5,7 million shares were sold, where realized gains resulted in an amounted to SR 355,5 million), and the remaining 1,2 million shares were classified in the current assets.

** The Group purchased 21.72 million shares in Knowledge Economic City Company at an amount of SR 257.3 million, directly from Savola Group, and obtained the necessary approvals from the regulatory authorities. During December 2022, the purchase process was completed and the ownership of the shares and shares was transferred to Taiba Investment Company.

11- FINANCIAL ASSETS AT FVOCI (CONTINUED)

11-2 Investment in unquoted shares

Name	Shareholder Direct (%) 2022	2021	2022	2021
Kinan International Real Estate Development Company	**2,33%**	2,33%	**29,476,567**	29,264,824
Knowledge Economic City Developers Company *	**35,06%**	5,01%	**—**	67,752,161
Total			**29,476,567**	97,016,985

*Al-Seera City Company for Real Estate Development has waved its shares in Knowledge Economic City Developers Company in favor of its partners, and the number of shares waived in favor of Taiba was 7,74 million shares. Accordingly, part of the value of the investment in Al-Seera City Company for Real Estate Development was reclassified to an investment in Knowledge Economic City Developers Company (Note 12). The Group also purchased an additional 17.2 million shares in Knowledge Economic City Developers Company from Savola Group Company with a total value of SR 202.96 million, and accordingly, the total numbers of shares in Taiba in Knowledge Economic City Developers Company reached 29.1 million shares, and where the percentage of Taiba ownership in Knowledge Economic City Developers Company increased to 35,06%, the investment was reclassified from financial assets at fair value through other comprehensive income to an investment in an associate according to the equitu method.

12- INVESTMENTS IN ASSOCIATES

Name	**Principle business sector**	**Country of incorporation**	Shareholder Direct (%) **2022**	2021	**2022**	2021
Al-Seera City Company for Real Estate Development (11-2)	Investment properties	Kingdom of Saudi Arabia	**20%**	20%	**147,947**	71,854,815
Saudi Heritage Hospitality Company (12 -1)	Provision of touristic services	Kingdom of Saudi Arabia	**30%**	30%	**3,755,650**	8,147,608
Knowledge Economic City Developers Company (11-2)	Rendering real estate services	Kingdom Saudi Arabia	**35,06%**	5,01%	**333,753,380**	—
Madinah Dates Company - Dates (12 -3)	Date manufacturing	Kingdom of Saudi Arabia	**0%**	35%	**—**	—
Madinah Airport Hotel Company (12 -4)	Rendering of hotel services	Kingdom of Saudi Arabia	**33,33%**	33,33%	**—**	—
					337,656,977	80,002,423

Movement in investment in associates during the year is as follows:

	2022	2021
Balance at beginning of the year	**80,002,423**	83,080,300
Net share in investment results for the year	**(578,012)**	(3,077,877)
Proceeds from company under liquidation (12-1)	**(4,500,000)**	—
Additions (11- 2)	**202,960,000**	—
Reclassification of investment (11-2)	**59,772,566**	—
Balance at the end of the year	**337,656,977**	80,002,423

12- INVESTMENTS IN ASSOCIATES (CONTINUED)

(12-1) at 31 August 2019, The partners agreed to liquidate Saudi Heritage Hospitality Company during the extraordinary assembly meeting of the Company. The legal procedures for liquidation are under process to the date of issuing the consolidated financial statements. During the year, the liquidator distributed SR 15 million and the Group's share of those distributions was SR 4.5 million, the value of the investment was reduced by that amount.

(12-2) During 2020, the sale of the Group's entire share in Oasis Fiberglass Company amounted to 29.5% with a total amount of SR 15.5 million to be paid on quarterly installments for 6 years, resulting in a realized profits of SR 10.7 million. As at 31 December 2022, the remaining balance was SR 10.7 million, and the non-current portion amounted to SR 5.7 million was recorded at the value of discounted cash flows under other non-current assets.

(12-3) During 2022, the sale of the Group's entire share in Madinah Dates Company - Dates amounted to 35% with a total amount of SR 3 million, fully paid by the buyer which resulted in profits of SR 3 million recorded in other income as the carrying amount of the investment as at 31 December 2021: amounted to SR 0 Saudi.

(12-4) During the year, the partner’s loan granted to Madinah Airport Hotel Company was transferred for the purpose of amortization of company's accumulated losses and the group's share of the loan amounting to SR 22,4 million were settled, which is recorded in the group's books as a debt to the related parties as an offset with the balance of the allocation of losses provided as at December 31, 2021 for this matter, resulting in the refund of SR 1,7 million of provision for investment losses in Madinah Airport Hotel Company, also the provision for measuring the impairment in the debt of the related parties amounted to SR 3,3 million were refunded so the total balance of provision for losses as at 31 December 2022 shall be SR 6.9 million (31 December 2021: SR 31,1 million) for legal and contractual liabilities for the financial support to this company to meet its financial obligations when due. The Group shall pay a potential liability of SR 37,3 million, which represents the value of the guarantee granted by the Group to The Banque Saudi Fransi to secure the loan of madinah Airport Hotel Group as a, and the Group has not registered any provision for this potential obligation, and the Group's management does not consider that there is a need to make any provisions for the potential liability.

12- INVESTMENTS IN ASSOCIATES (continued)

12-5 The following table summarizes the financial information of significant Companies accounted at equity method included in their own financial statements, The table also reconciles the summarized financial information to the carrying amount of Group's interest in equity accounted Companies:

	Madinah Airport Hotel Company		Al-Seera City Company for Real Estate Development		Development Company Knowledge Economic City		Saudi Heritage Hospitality Company**	
	31/12/2022	31/12/2021	**31/03/2022***	31/12/2021	**30/09/2022***	31/12/2021	**31/12/2022**	31/12/2021
Percentage of ownership interest	**33.33%**	33.33%	**20%**	20%	**35.06%**	5.01%	**30%**	30%
Assets	**120,122,273**	128,532,595	**358,020,258**	358,787,731	**766,045,891**	766,907,764	**15,418,833**	43,409,780
Liabilities	**140,807,268**	221,853,607	**1,435,474**	1,387,974	**3,628,432**	3,365,932	**–**	681,562
Revenue	**15,057,690**	4,674,519	**–**	–	**–**	–	**–**	343,262
Total comprehensive income / (loss) attributable to shareholders	**(12,834,814)**	(24,808,222)	**(814,973)**	(3,111,908)	**(1,124,373)**	(6,266,153)	**–**	(2,623,207)
Group's share in comprehensive income	**(4,278,271)**	(8,269,407)	**(162,995)**	(622,382)	**(394,205)**	(313,934)	**–**	(786,962)

* The financial statements on these dates represent the latest financial statements available to these companies in the date of preparing the financial statements of the Group for the current year and comparative year. The Group estimate and recognize its share in the results of associates in case there is no recent data and financial statements. The assets item in the financial statements of Al-Seera City Company for Real Estate Development mainly represents an investment in shares of Knowledge Economic City Developers Company that were assigned during the period to the partners in Al-Seera City Company for Real Estate Development (note 11-2). The assets item in the financial statements of Knowledge Economic City Developers Company mainly represents an investment in shares in Knowledge Economic City Developers Company, as it owns 83 million shares in Knowledge Economic City Developers Company as at 31 December 2022.

** Data related to th Saudi Heritage Hospitality Company (under liquidation) - represents the asset figures represented in the cash in banks included in the liquidator's periodic report as at 31/12/2022.

13- INVENTORY

	2022	2021
Spare parts	**2,427,821**	2,523,274
Other supplements	**1,019,701**	779,277
Dates*	**—**	4,474,539
	3,447,522	7,777,090
Less: Impairment for inventory	**(2,733,869)**	(6,597,871)
	713,653	1,179,219

* Transferred to assets held-for-sale.

Movement of the provision of impairment in slow moving inventory:

	2022	2021
Balance at beginning of the year	**6,597,871**	6,197,277
Provided during the year	**188,515**	4,339,378
Transferred to assets held-for-sale	**(4,052,517)**	(3,938,784)
Balance at the end of the year	**2,733,869**	6,597,871

14- BIOLOGICAL ASSETS

	2022	2021
Balance at beginning of the year	**885,488**	1,535,915
Additions	**—**	4,558,397
Transferred to assets held-for-sale	**(885,488)**	(5,208,824)
Balance at the end of the year	**—**	885,488

Biological assets are represented in palm farms owned by the Group.

15- TRADE RECEIVABLES

	2022	2021
Trade receivables	**114,073,524**	153,428,249
Less: Provision for impairment	**(102,739,079)**	(138,285,929)
Balance at the end of the year	**11,334,445**	15,142,320

15- TRADE RECEIVABLES (CONTINUED)

Movement in allowance for impairment of trade receivables is as follows:

	2022	2021
Balance at beginning of the year	**138,285,929**	78,925,905
(Reversal) provision during the year	**(8,827,067)**	61,277,406
Provision writtenoff	**(26,719,783)**	(1,917,382)
Balance at the end of the year	**102,739,079**	138,285,929

Information about the Group's exposure to credit and market risks and impairment losses in value of trade receivables is presented in Note 37.

16- RELATED PARTIES AND BALANCE

Related parties include the Group's shareholders and their relatives up to the fourth generation, associated and affiliated companies and directors and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's management. The following are the significant transactions with related parties and the resulting balances for the year ended December 31:

16-1 Related parties and balances

Name	**Relationship type**	**Nature of transactions**	**Amount of transactions**		**Closing balance**	
			2022	2021	**2022**	2021
<u>Amounts due from related parties</u>						
Madinah Airport Hotel Company	Associate	Finance	**22,496,498**	–	–	22,496,498
					–	22,496,498
<u>Less:</u>						
Impairment of amounts due from related parties					–	(3,259,267)
					–	19,237,231
<u>Amounts due to related parties</u>						
Owners of Taiba Residential and Commercial Center	Associated foundation	Maintenance and service	**4,865,750**	8,096,041	**3,853,912**	5,019,472
					3,853,912	5,019,472

During the year, total transactions with Strata International Company for Information Technology amounted to 1.2 million Saudi riyals (2021 AD: 600 thousand Saudi riyals) in which a member of the Board of Directors of Taiba Investment Company, Mr. Ghassan bin Yasser Shalaby, has a direct interest.Transaction details; amount of 694 thousand Saudi riyals represents the dues amount for professional services in the agreement to upgrade and develop Microsoft Dynamics system, in addition to licenses and annual support for the human resources system (2021 AD: nil).- Amount of 483 thousand Saudi riyals, the value of licenses paid through Strata International on behalf of Taiba company to software companies (2021: 600 thousand Saudi riyals).

16- RELATED PARTIES AND BALANCE (CONTINUED)

16 -2 Compensations of Directors and Key Executive Management Personnel

During the year, the compensations of directors, salaries and allowances for Key executive management personnel:

	31 December 2022	31 December 2021
Directors' incentives and remuneration	**4,395,696**	4,399,182
Salaries, allowances and senior executives remunerations	**14,105,153**	10,697,405
Allowances and subsidiary's directors remunerations	**—**	391,500
	18,500,849	15,488,087

17- PREPAYMENTS AND OTHER CURRENTS ASSETS

	2022	2021
Advances to suppliers and contractors	**85,484,681**	3,249,217
VAT accruals	**5,076,376**	6,802,247
Prepaid expenses	**3,063,639**	4,662,051
Due from sale of associate - current portion (12-4)	**5,000,000**	3,000,000
Employee receivables	**563,475**	669,490
Deferred staff costs	**227,596**	253,795
Accrued revenue	**20,833**	82,500
Deposits with others	**30,000**	—
Others	**2,169,551**	1,272,498
	101,636,151	19,991,798
Less: provision	**(862,873)**	(862,873)
	100,773,278	19,128,925

18- CASH AND CASH EQUIVALENTS

	2022	2021
Cash in bank (18-1)	**137,631,365**	302,012,254
Murabaha investment (18 -2)	**50,000,000**	100,000,000
	187,631,365	402,012,254

18-1 Balances at banks include restricted cash held by the Group amounted to SR 100,5 million (31 December 2021: SR 106,4 million) related to dividends due to the Group's shareholders and this balance is not available for the general use of the Company.

18-2 the amount represents investment in Islamic Murabaha at rate of 5%, and is due within 73 days. (31 December 2021: represents investment in Islamic Murabaha at rate of 1.1%, and is due within 45 days).

19- ASSETS HELD-FOR-SALE AND ASSOCIATED LIABILITIES

On 21 June 2022, the 36th Ordinary Assembly of Taiba Agriculture Development Company decided to approve the recommendation of the Company's board of directors for voluntary liquidation, and accordingly, the appointment of Allied Abdullatif bin Suleiman Lawyers and Legal Consultants and Al-Thunayan Professional Consulting Company is approved to be appointed as a liquidator of company's business in light of the provisions of the Companies' Law. However, The procedures for appointing the liquidator didn't complete as the liquidator apologized. The Company's management is still discussing the exit mechanisms according to the Company's strategic plan until the date of preparing the consolidated financial statements. Therefore, its activities were classified under discontinued operations and its assets and liabilities for sale.

Following is a summary of the Company's buisiness during the year:

STATEMENT OF FINANCIAL POSITION

	31 December 2022	31 December 2021
CURRENT ASSETS		
Cash and cash equivalent	67,496	199,419
Accounts receivable	391	5,414
Prepayments and other current assets	26,636	43,111
Biological assets	–	885,488
Inventories	21,141	422,023
Property and equipment	58,266,480	77,517,135
TOTAL CURRENT ASSET	58,382,144	79,072,590
CURRENT LIABILITIIES		
Trade accounts payable	34,000	–
Accruals and other current liabilities	1,317,205	328,260
Due to related parties	140,250	–
Zakat Payable	36,866	69,819
Employees benefit obligations defined	373,399	445,656
TOTAL CURRENT LIABILITIES	1,901,720	843,735
SHAREHOLDERS' EQUITY		
Capital	50,000,000	50,000,000
Statutory reserve	25,000,000	25,000,000
(Accumulated losses) Retained earnings	(18,632,367)	3,185,301
Other reserves	112,791	43,554
TOTAL EQUITY	56,480,424	78,228,855
TOTAL EQUITY AND LIABILITIES	58,382,144	79,072,590

The statement of profit or loss

	From 1 January to 31 December	
	2022	2021
Revenues	209,636	1,843,359
Cost of revenues	(5,244,409)	(9,390,143)
Total losses	(5,034,773)	(7,546,784)
Selling and marketing expenses	(37,013)	(205,388)
General and Administrative expenses	(1,087,593)	(729,103)
Revenues and other expenses, net	348,655	701,178
Impairment of assets held-for-sale	(16,006,944)	(6,690,920)
Net loss before Zakat	(21,817,668)	(14,471,017)
Zakat provision	–	(30,619)
Loss for the year	(21,817,668)	(14,501,636)

19- ASSETS HELD-FOR-SALE AND ASSOCIATED LIABILITIES (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME

	2022	2021
Net loss for the year	(21,817,668)	(14,501,636)
Re-measurements of defined benefit liabilities	69,237	80,293
TOTAL COMREHENSIVE LOSS FOR THE YEAR	(21,748,431)	(14,421,343)

Summary of Statement of Cash flows

	2022	2021
Net cash flows used in operating activities	(588,423)	(596,167)
Net cash flows generated from (used in) investing activities	456,500	(923,223)
Net cash flows from financing activity	—	—
Net change in cash at hand and banks during the period	(131,923)	(1,519,390)

* On June 21, 2022, immediately prior to the classification of TADEC as discontinued operations, management estimated the recoverable values of certain items in property and equipment and did not result in any decrease in book values. After classifying the company as discontinued operations, the management recorded an impairment in the value of assets held-for-sale by SR 16 million, by reducing the book values of these assets to fair value less the sale costs. The impairments of assets held-for-sale within discontinued operations was recognized.

20- STATUTORY RESERVE

In accordance with Companies Regulations in Saudi Arabia and the Company's By-Laws, the Company is required to set aside 10% of its net annual income to a statutory for the Company, and the ordinary General Assembly can decide to stop this transferring to the above mentioned reserve when it reaches 30% of paid share capital. The Company decided to provide for SR 1,000 million, and then ceased any further transfer. This reserve is not available for distribution.

21- OTHER GENERAL RESERVE

In accordance with the Company's By-Laws, the General Assembly may decide to form other reserve to the extent that achieves the Group's interest.

22- NON-CONTROLLING INTERESTS

	2022	2021
Balance at beginning of the year	**35,371,209**	41,892,559
Loss for the year	**(9,860,426)**	(6,553,396)
Other comprehensive income	**31,295**	37,464
Total comprehensive loss	**(9,829,131)**	(6.515,932)
Net movement in non- controlling interest	**(12,785)**	(5,418)
Balance at the end of the year	**25,529,293**	35,371,209

23- EMPLOYEES DEFINED BENEFIT LIABILITIES

Defined benefit plan	**2022**	2021
Employees' terminal benefits	**12,932,698**	13,514,111

Employees' terminal benefits
End-of-service benefits are mandatory to all employees in KSA under labor law in KSA and employment policies. End-of-service benefits are based on employee compensation and accumulated periods of service that are payable upon termination, resignation or retirement. defined benefit obligation in relation to end-of-service is calculated by estimating the amount of future benefits that employees have received for their service in current and previous periods. This amount is deducted using the appropriate discount rate to determine the current value of the Company's obligation. This benifit is unfunded. The remeasurement is immediately included in the financial position with a debit/credit against retained earning through other comprehensive income in the period in which it occurs. Remeasurement is not reclassified in the statement of income subsequentlyThe following table shows the movement in the defined benefit obligation as at December 31:

	2022	2021
Defined benefits obligation at the beginning of the year	**13,514,111**	14,781,625
Included in the consolidated statement of income:		
Current service cost	**2,508,969**	3,384,702
Interest cost on defined benefits obligation	**290,929**	228,462
	2,799,898	3,613,164
Included in consolidated statement of other comprehensive income		
Re-measurements of defined employee benefits liability from continued operations	**(1,494,770)**	(626,620)
Payments and settlements during the year	**(1,440,885)**	(4,254,058)
Settling the reclassification of within liabilities related to assets held-for-sale	**(445,656)**	–
	12,932,698	13,514,111

Sensitivity defined benefits liability:

		2022	2021
	Base	**12,932,698**	13,514,111
Discount rate	1% increase	**12,166,785**	12,610,086
	1% decrease	**13,795,694**	14,545,276
Rate of change in salaries	1% increase	**13,793,172**	14,518,290
	1% decrease	**12,154,816**	12,614,873

The following is an analysis of the assumption for studying employees' statistics - membership data as at 31 December:

	2022	2021
Number of employees	**406**	382
Average age of employees (years)	**38,48**	37,9
Average years of past service	**3,69**	3,83
Average resignation rate	**0,4%**	0,9%
Default retirement age	**60**	60
Mortality rate	**0,0%**	0,0%

23- EMPLOYEES DEFINED BENEFIT LIABILITIES (CONTINUED)

Following is a summary of economic assumptions:

According to IAS 19, actuarial assumptions must be unbiased and consistent with each other, The assumptions must express the best estimate by the Group's management of the variables that will be included in calculating the final cost of the end of service benefits, The basic assumptions used in this evaluation are explained below:

Discount rate	Key methodology and assumptions
2,46% annually	31 December 2021
4,75% annually	**31 December 2022**

24- LOANS AND FACILITIES

	2022	2021
Tawarruq financing	**71,665,290**	–
Murabaha financing	**291,086,520**	–
Balance at the year end 2022	**362,751,810**	–
Less: Current portion	**87,492,863**	–
Non-current portion	**275,258,947**	–

During the year ended 31 December 2022, the total financing costs amounted to SR 3,8 million, with Tawarruq financing costs of SR 1,7 million and Murabaha financing of SR 1.8 million. The amount of SR 2.4 million was capitalized under project Under development, and the portion charged to the consolidated statement of Income amounted to SR 1.4 million.

As at 31 December 2022, the Group had short-term bank facilities with some local banks with a total amount of SR 170 million (2021: SR 133 million) represented in credit substitutes limit, letters of guarantee and short-term Tawarruq limit against financial charges equal to SIBOR plus the agreed profit margin. Part of it was used for bank letters of guarantee as at 31 December 2022 for SR 21.3 million (2021: SR 2 million), and a short-term loan in Tawarruq form was withdrawn for SR 70 million due on March 13, 2023. These bank facilities are secured against promissory notes issued to the bank.

On 23 July 2020, The Group signed credit facility agreement signed with a local bank to obtain long term loan amounting to SR 1.4 billion, as per Murabaha form for a period of fourteen Gregorian years, including a four-year grace period, with real estate collateral and a promissory note with the amount of financing, for the purpose of financing some real estate projects for the Group. During 2022, the first portion of the loan amounted to SR 100 million was withdrawn. On October 25, 2022, the Group signed an annex to the credit facilities agreement referred to above to obtain another long-term loan in an amount of SR 189.2 million for a period of ten years and to be paid in twenty installments, the first installment shall be due on June 26, 2023, with real estate guarantees by mortgaging the lands of Deem Plaza Mall in Riyadh, on which it is located, and note payable with the financing amount, and during 2022, a total loan amount was withdrawn in order to finance 80% of the purchase value of the aforementioned mall.

25- TRADE PAYABLES AND OTHER PAYABLES BALANCE

	2022	2021
Accrued expenses	**48,784,288**	22,722,478
Deferred revenues	**40,924,117**	4,744,179
Third party margins	**40,738,906**	23,179,946
Trade payable	**30,200,858**	18,235,121
Provision for impairment of investment in associates (12-3)	**6,894,998**	31,107,004
Provision for legal cases liabilities	**5,130,723**	11,358,641
Accrued expenses of BOD members and committees (16 -2)	**3,351,000**	3,271,333
Others	**6,926,687**	7,993,820
	182,951,577	122,612,522

26- DIVIDENDS PAYABLE

During 2022, no dividend distributions. During 2021, the 39th Ordinary General Assembly on 29 March 2021 approved the recommendation of the Board of Directors on 16 December 2020 to distribute dividends of the second half of 2020, equivalent to 5% of the capital amounting to SR 80,2 million by SR 0,50 per share. The 40th Ordinary General Assembly on 18 April 2022 approved the recommendation of the Board of Directors on 14 November 2021 to distribute initial dividends of the third quarter of 2021, equivalent to 40% of the capital amounting to SR 641,8 million by SR 4 per share.

Movement in dividend distributions during the year is as follow:

	2022	2021
Balance at 1 January	**120,627,400**	107,935,443
Profits declared during the year	**—**	722,058,674
Dividend payments during the	**(5,904,596)**	(709,366,717)
Balance at 31 December	**114,722,804**	120,627,400

The Group holds restricted cash amounted to SR 100.5 million as at 31 December 2022 (2021: SR 106.4 million) in segregated bank accounts for dividends payable to the Group's shareholders and this balance is not available for the general use of the Group.

27- ZAKAT

27-1 Zakat charge

As at 2019, the Company and its fully owned subsidiaries are submitting a consolidated Zakat declaration on a consolidated basis. For subsidiaries with less than 100% ownership, they must file separate Zakat declarations. Before 2019, subsidiaries used to file separate zakat declarations on an unconsolidated basis. The main components of the Zakat base for each Company according to the Zakat and income tax system consist of shareholders' equity, provisions at the beginning of the year and adjusted income less discounts for the adjusted net book value of property, equipment, investment properties and properties under development and investments.

Zakat charge for the year ended December 31 comprise the following:

	2022	2021
Current year	**6,245,585**	20,621,823
For prior years	**6,557**	(356,746)
	6,252,142	20,265,077

27-2 Movement in Zakat provision

	2022	2021
Balance at 1 January	**29,468,704**	18,914,325
Charged during the year	**6,252,142**	20,265,077
Paid during the year	**(24,487,063)**	(9,627,246)
Adjustments	**(69,819)**	(83,452)
Balance at 31 December	**11,163,964**	29,468,704

27-3 Zakat status of the Group's companies

Company and its fully owned subsidiaries

A consolidated Zakat declaration was submitted and paid for both to Taiba Investment Company and Al Aqeeq Real Estate Development Company for the year ended December 31, 2021 and the Company received a Zakat certificate valid until April 30, 2023.

During 2020, the Company received assessments of ZATCA for the years from 2015 to 2018 claiming a total difference of SR 8,1 million and the assessment was reviewed by the Company and its Zakat advisor, as well as submitting an appeal to ZATCA during the legal period. ZATCA issued the amended Zakat assessments for the above years at an amount of SR 7,9 million, and an appeal was submitted before Tax Committees for Resolution of Tax Violations and Disputes, and it was partially accepted and settled with ZATCA.

During 2021, the company received assessment of ZATCA for Taibah Company for the year ending on December 31, 2020, in which it claimed zakat differences amounted to 8,997,264 Saudi riyals. The company submitted an appeal to ZATCA, and it was partially accepted, accordingly, ZATCA issued amended assessment of the Zakat differences of 742,682 Saudi riyals, and the Zakat status for the year 2020 was settled.

During 2020, Al-Theraa Almakeen Industrial Company (Branch of Taiba Investment Company) received the estimated zakat assessment from the ZATCA for the years 2017 and 2018 which showed an additional Zakat of SR 40 million for the year 2017 and SR 40 million for the year 2018, and the Company submitted an objection before Tax Committees for Resolution of Tax Violations and Disputes. A hearing session was held on March 28, 2022 and the decision was issued by accepting Taiba's objection.

During 2020, Al-Theraa Almakeen Industrial Company (Branch of Taiba Investment Company) received the estimated zakat assessment from the ZATCA for the years 2020, which showed an additional Zakat of SR 40 million, the Company submitted an objection before Tax Committees for Resolution of Tax Violations and Disputes and the decision was issued by accepting Taiba's objection.

Arab Resorts Areas Company (ARAC)

The Company submitted and paid the zakat return and obtained a Zakat certificate for the year ended 31 December 2021, valid till 30 April 2023.

27- ZAKAT (CONTINUED)

27-3 Zakat status of the Group's companies (continued)

Taiba Agriculture Development Company – TADEC
Taiba Agricultural Development Company (TADC) submitted the Zakat returns for the year ended 31 December 2021. ZATCA has issued the final assessments for the company until 2018.

Tawd Real Estate Management and Marketing Company (Tawd)
ZATCA issued the Company's final assessments until 2017. The Company submitted and paid zakat returns for the year ended 31 December 2021 and obtained zakat certificate valid until 30 April 2023.

28- REVENUE

	2022	2021
Rent on real estate	**130,540,252**	79,445,099
Hotel activities	**199,743,654**	49,646,762
	330,283,906	129,091,861

29- COSTS OF REVENUE

	2022	2021
Hotel operating cost	**96,154,441**	46,024,398
Real estate rent cost	**17,438,310**	17,619,549
Depreciation and amortisation	**27,707,466**	21,727,622
	141,300,217	85,371,569

30- SELLING AND MARKETING EXPENSE

During 2022, selling and marketing expenses amounted to SR 191,000 that represent the value of participation in some exhibitions (2021: Nil),

31- GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Salaries and wages and related benefits	**23,602,605**	22,532,527
Technical and consultancy services	**5,964,227**	14,730,990
Remunerations of the Boards of Directors and Executives of the subsidiaries	**4,475,363**	4,738,182
Service expenses	**3,960,918**	3,207,804
Employees' incentives and bonuses	**4,722,615**	3,182,954
Maintenance and spares	**3,105,967**	2,245,756
Social responsibility expenses	**2,974,508**	2,317,831
End of service benefits	**1,376,460**	1,615,382
Depreciation and amortization	**1,546,299**	1,581,072
Medical insurance expenses	**1,478,202**	1,218,852
Social insurances	**1,175,926**	1,094,578
Property rentals	**271,376**	—
Other	**911,735**	741,688
	55,566,201	59,207,616

32- OTHER OPERATING EXPENSES

	2022	2021
Provision for legal cases	**1,424,582**	9,428,279
Losses from cancellation and termination of leases	**10,505,237**	7,466,668
Impairment losses on slow moving inventory	**188,515**	286,862
Reversal impairment in due from related parties	**(3,259,267)**	—
Other	**—**	4,140,435
	8,859,067	21,322,244

33- DIVIDENDS OF FINANCIAL ASSTES AT FVOCI

	2022	2021
Sabic for Agri-Nutrients Company	**9,577,669**	16,974,696
Kinan International Real Estate Development Company	**905,279**	493,736
	10,482,948	17,468,432

34- OTHER INCOME (EXPENSES)

	2022	2021
Reversal (Provision) against losses of investment in associate (12-3)	**1,715,508**	(10,884,747)
Murabaha investments income	**5,621,956**	1,956,101
Gains on sale of property and equipment	**59,088**	262,936
Gains from compensation for expropriated land	**3,198,331**	—
Profits from selling investment (12-5)	**3,000,000**	—
Income from various expenses, net	**2,488,063**	3,249,917
	16,082,946	(5,415,793)

35- EARNING (LOSS) PER SHARE

Earning (loss) per share is calculated as follows:

	2022	2021
Net profit (loss) for the year to shareholders	**139,570,012**	(117,294,908)
Weighted average number of ordinary shares	**160,457,483**	160,457,483
Earning (loss) per share- SR - basic and diluted	**0,87**	(0,73)

No item for diluting earning per share that impacts weighted average number of ordinary shares.

36- DERIVATIVES FINANCIAL INSTRUMENTS

The Group hedged against commission rate risk against some loans obtained from local banks. In order to mitigate commission rate risk to be allocated as “cash flow hedging instruments”. The Group’s share of changes in effective cash flow hedge reserves, subsequent to acquisition is recognised in its equity.

During 2022, Taiba Investment Company concluded a Murabaha Price Swap Agreement (Swap Contract) with Bank Albilad for a total amount of SR 300 million to hedge against future fluctuations in interest rates for part of its loans signed with the the Bank which is financing projects under progress. In accordance with the Company's policy, financial derivatives are not used for trading and Mudaraba purposes, and under swap contracts, the Company receives a return at a floating rate according to variable SIBOR rates, and in return the company pays a fixed rate according to the terms of the contract to hedge against the risks resulting from change in SIBOR prices for Islamic loans.

The fair value of the swap contract as at 31 December 2022 was SR 15.4 million based on the Bank's valuation, and is included in the non-current assets in the statement of financial position with a corresponding credit balance in the consolidated statement of other comprehensive income.

The tables below show a summary of the hedged items, the hedging instruments, trading derivatives and their notional amounts and fair values. The notional amounts indicate the volume of transactions outstanding at the reporting date and are neither indicative of market risk nor credit risk.

Maturity date for swap contracts, and average rate fo interest are as follow:

	Maturity date				
	Less than 3 months	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
Interest rate swap contracts	–	–	–	300,000,000	300,000,000
Average rate of interest	–	–	–	4,06%	4,06%

The impact of Hedging instrument on the statement of financial position is as below:

As at 31 December 2022	**Nominal value**	**Carrying value**	**Item in the statement of financial position**	**Change in fair value**
Interest rate swap contracts	300,000,000	15,346,675	Derived Financial instruments	15,346,675

The impact of Cash flow hedges recorded in statement of income and other comprehensive income consist of:

	Profits and losses through other comprehensive income	**Non-effectiveness recognised in statement of income**	**Item in the statement of income**	**Reclassified amounts through the statement of income**	**Item in the statement of income**
Interest rate swap contracts	15,346,675	–	–	209,618	Finance costs

37- CONTINGENCIES & COMMITMENTS

As at 31 December 2022, the Group has guarantee amounted to SR 37.63 million (31 December 2021: SR 37.63 million) granted to local bank against loans and bank facilities to an associate (Note 12-1). The Group has contingencies in form of letters of guarantee amounted to SR 21.3 million (December 31, 2021: SR 2 million).

As at December 31, 2022, the Group has capital obligations related to projects under development that represent the remaining value of design and implementation agreements and contracts amounting to SR 1,167.9 million (31 December 2021: SR 457,30 million).

As at December 31, 2022 the Group has financial contingent obligations with amount of SR 15 million represented in the expenses of special consultation for studying the merge with Dur Hospitality, which will be due and paid in case of completion of the merge operation.

38- FINANCIAL RISK MANAGEMENT

The Group's significant financial liabilities include trade payables, other payables, advance from customers, and due to related parties, are initially measured at fair value and thereafter carried at their amortized cost. Financial assets comprise of trade receivables, due from related parties, other debit balances, and cash and cash equivalents measured at amortized cost, financial assets at fair value through OCI.

The Group is exposed to market risk, liquidity risk and credit risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Group's Treasury Department under a Service Level Agreement that advises on the financial risks and the appropriate financial risk governance framework. The Board reviews and agrees policies for managing each of these risks, which are summarized below.

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 risks include two kind of risks: Commission rate risk and currency risk. Financial instruments affected by market risk include loans.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates.

The Company's exposure to the Group's risk of changes in market commission rates relates primarily to the Group's loans related to floating commission rates.

Currency risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. The Company is not exposed to any significant currency risks,as the Group has no material balances as at 31 December 2022 dominated in currencies other that SR and US Dollars.

38- FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The Group's management also continuously monitors credit risk to customers. It recognizes the costs of the necessary decrease against the balances deemed doubtful. To reduce this risk, the Group has a system to reduce credit limits granted to customers based on an extensive assessment of customer rating and payment history. Receivables are monitored regularly. The credit granted to most of the receivables is secured, where possible, by obtaining letters of credit, bank guarantee deposits, bank guarantees and insurance guarantees.

The Group also deposits its cash balances with a number of financial institutions of good reputation, given the previous business of the banks that the Group deals with, the management does not expect any party to be unable to fulfill its obligations towards the other.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	2022	2021
Financial assets:		
Trade receivables	**11,334,445**	15,142,320
Cash and cash equivalent	**187,631,365**	402,012,254
	198,965,810	417,154,574

Financial assets:	**2022**	2021
Secured	**187,631,365**	402,012,254
Unsecured	**11,334,445**	15,142,320
	198,965,810	417,154,574

The debt lives of trade receivables are as follows:

31 December 2022	**Trade receivables**				
	Due days				
	< 90 days	***91- 180 days***	***180- 270 days***	**>270 days**	***Total***
Expected losses rate	**0,29**	**0,56**	**0,83**	**0,98**	**0,90**
Carrying amount exposed to default	**7,565,673**	**9,895,199**	**1,023,926**	**95,588,726**	**114,073,524**
Expected credit loss	**(2,191,447)**	**(5,582,759)**	**(854,667)**	**(94,110,206)**	**(102,739,079)**

31 December 2021	Trade receivables				
	Due days				
	< 90 days	*91- 180 days*	*181- 270 days*	>270 days	Total
Expected losses rate	0,45	0,59	0,91	0,97	0,90
Carrying amount exposed to default	3,889,401	19,008,464	16,548,227	113,982,157	153,428,249
Expected credit loss	(1,748,740)	(11,218,711)	(14,980,430)	(110,338,048)	(138,285,929)

38- FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments, Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. The Group manages liquidity risk by monitoring working capital requirements and cash flows on a regular basis.

Management has developed policies and practices to manage liquidity risk in accordance with risk tolerance and ensure that the Group maintains adequate liquidity. Senior management continuously reviews information on the Group's liquidity developments.

The Group has set a strong mechanism to manage its cash to ensure the best use of available cash resources. This requires the regulation of collection and exchange systems in a way that maximizes the investment of un-invested funds through term deposits and short-term deposits, while reducing the borrowing of funds and ensuring that necessary facilities are available to manage its operations.

At 31 December 2022	**Within 1 year**	**Two years and over**	**Total**
Trade payables	**30,200,858**	–	**30,200,858**
Dividend payables	**114,722,804**	–	**114,722,804**
Zakat payable	**11,163,964**	–	**11,163,964**
Loans liabilities	**87,492,863**	**275,258,947**	**362,751,810**
Accruals and other payable balances	**63,979,422**	–	**63,979,422**
	307,559,911	**275,258,947**	**582,818,858**

31 December 2021	During a year	Two years and over	Total
Trade payables	18,235,121	–	18,235,121
Dividend payables	120,627,400	–	120,627,400
Zakat payable	29,468,704	–	29,468,704
Lease liabilities	6,016,037	–	6,016,037
Accruals and other payable balances	30,685,855	–	30,685,855
	205,033,117	–	205,033,117

There is no material difference between the carrying amount and the fair value of these financial liabilities,

39- CAPITAL MANAGEMENT

Capital is equity attributable to the partners equity of the Group. The Group's main objective when managing capital is to support its business and maximize the Shareholder's return.

Management's policy is to maintain a strong capital base so as to maintain investor and lenders and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The Board of Directors monitors the return on capital, which the Group determines by the output of operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to shareholders. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

39- CAPITAL MANAGEMENT (CONTINUED)

Group's debt to adjusted capital ratio is as follows:

	2022	2021
TOTAL LIABILITIES	**690,138,236**	297,258,246
Less: Cash and cash equivalent	**(187,631,365)**	(402,012,254)
Net (surplus) debt (less cash and cash equivalent)	**(502,506,871)**	(104,754,008)
Equity	**3,656,628,244**	3,641,206,763
Net obligations to equity	**(13,74%)**	(2,88%)

40- FINANCIAL INSTRUMENTS

The Group measures financial instruments at fair value as at the date of the financial statements, set aside Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that selling an asset or transferring an obligation will take place either:

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants may use when pricing the asset or liability and assuming that the participants act for their best interest.

When measuring the fair value of a non-financial asset, the market participant's ability to generate economic benefits arising from the best use of the asset or its sale to another market participant who may be using the best use is taken into account.

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

All assets and liabilities for which fair values are measured or disclosed in the financial statements are classified within the fair value hierarchy, which is illustrated below, on the basis of the minimum inputs that are important to measure the fair values as a whole:

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Valuation techniques so that the minimum limit that can be determined for significant inputs to measure fair value can be observed directly or indirectly.

Level 3 Valuation techniques so that the minimum limit that can be determined for significant inputs to measure fair value cannot be observed.

40- FINANCIAL INSTRUMENTS (CONTINUED)

Following are the details of the classification of financial instruments:

	2022				*2021*			
	Total	***Amortised cost***	***fair value through statement of income***	***Fair value through OCI***	*Total*	*Amortised cost*	*fair value through statement of income*	*Fair value through OCI*
Financial Assets								
Financial asset at fair value	**630,051,595**	**–**	**–**	**630,051,595**	764,211,191	–	–	764,211,191
Trade receivables	**11,334,445**	**11,334,445**	**–**	**–**	15,142,320	15,142,320	–	–
Due from related parties	**–**	**–**	**–**	**–**	19,237,231	19,237,231	–	–
Cash and cash equivalent	**187,631,365**	**187,631,365**	**–**	**–**	402,012,254	402,012,254	–	–
Derived Financial instruments	**15,346,675**	**–**	**–**	**15,346,675**	–	–	–	–
TOTAL	**844,364,080**	**198,965,810**	**–**	**645,398,270**	1,200,602,996	436,391,805	–	764,211,191
Financial liabilities								
Trade and other payable	**191,074,455**	**191,074,455**	**–**	**–**	121,249,515	121,249,515	–	–
Dividend Payable	**114,722,804**	**114,722,804**	**–**	**–**	120,627,400	120,627,400	–	–
Bank borrowing	**362,751,810**	**362,751,810**	**–**	**–**	–	–	–	–
	668,549,069	**668,549,069**	**–**	**–**	241,876,915	241,876,915	–	–

41- COMPARATIVE FIGURES

Certain of the prior year numbers have been reclassified to conform with the presentation in the current year.