The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2022

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INDEPENDENT AUDITOR'S REPORT
To the Owner of The Fourth Milling Company (Owned by One Person)
(A Saudi closed Joint Stock Company)

Opinion
We have audited the financial statements of The Fourth Milling Company (Owned by One Person) - A Saudi Closed Joint Stock Company (the "Company"), which comprise the statement of financial position as of 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 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.

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

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

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

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INDEPENDENT AUDITOR'S REPORT
To the Owner of The Fourth Milling Company (Owned by One Person)
(A Saudi closed Joint Stock Company) (continued)

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

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

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

INDEPENDENT AUDITOR'S REPORT
To the Owner of The Fourth Milling Company (Owned by One Person)
(A Saudi closed Joint Stock Company) (continued)

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

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

for Ernst & Young Professional Services

Hesham A. Alatiqi
Certified Public Accountant
License No. (523)

Riyadh: 11 Shawwal 1444H
(01 May 2023)

STATEMENT OF FINANCIAL POSITION
As of 31 December 2022

	Notes	***31 December 2022 SR***	*31 December 2021 SR*
ASSETS			
NON–CURRENT ASSETS			
Intangible assets	5	**55,870,767**	5,558,575
Property, plant and equipment and right of use assets	6	**835,747,327**	858,244,379
TOTAL NON-CURRENT ASSETS		**891,618,094**	863,802,954
CURRENT ASSETS			
Inventories	7	**80,324,114**	95,967,450
Due from related parties	8	**969,296**	-
Trade receivables	9	**2,786,082**	-
Prepayments and other current assets	10	**10,652,232**	8,409,941
Cash and bank balances	11	**164,661,627**	67,256,012
TOTAL CURRENT ASSETS		**259,393,351**	171,633,403
TOTAL ASSETS		**1,151,011,445**	1,035,436,357
EQUITY AND LIABILITIES			
EQUITY			
Capital	12	**473,903,170**	473,903,170
Statutory reserve		**26,079,424**	9,611,152
Retained earnings		**255,164,391**	168,281,942
TOTAL EQUITY		**755,146,985**	651,796,264
NON-CURRENT LIABILITIES			
Lease liabilities	13	**286,503,026**	294,169,388
Employees' defined benefits obligation	15	**1,418,025**	1,074,780
TOTAL NON-CURRENT LIABILITITES		**287,921,051**	295,244,168
CURRENT LIABILITIES			
Zakat and Income tax payable	17	**13,846,462**	205,751
Trade and other payables	16	**59,531,894**	60,264,124
Lease liabilities	13	**22,594,258**	22,233,169
Due to related parties	8	**2,574,702**	190,052
Advances from customers		**9,396,093**	5,502,829
TOTAL CURRENT LIABILITIES		**107,943,409**	88,395,925
TOTAL LIABILITIES		**395,864,460**	383,640,093
TOTAL EQUITY AND LIABILITIES		**1,151,011,445**	1,035,436,357

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	***31 December 2022 SR***	***31 December 2021 SR***
Sales	18	**578,319,339**	336,297,891
Direct cost	19	**(316,569,601)**	(230,542,162)
GROSS PROFIT		**261,749,738**	105,755,729
EXPENSES			
Selling and distribution expenses	20	**(31,835,517)**	(10,338,135)
General and administrative expenses	21	**(38,477,761)**	(31,557,857)
TOTAL EXPENSES		**(70,313,278)**	(41,895,992)
OPERATING PROFIT		**191,436,460**	63,859,737
Finance costs	13	**(14,927,896)**	(15,288,330)
Other income		**2,258,697**	1,696,982
Loss on sale of slow-moving inventory		**-**	-
PROFIT BEFORE ZAKAT AND INCOME TAX		**178,767,261**	50,268,389
Zakat and Income tax	17	**(13,846,462)**	(205,751)
PROFIT FOR THE YEAR		**164,920,799**	50,062,638
OTHER COMPREHENSIVE INCOME			-
Other comprehensive income that will not be reclassified to profit and loss in subsequent periods			
Remeasurement loss of employees' defined benefit liabilities		**(238,078)**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**164,682,721**	50,062,638
Basic and diluted earnings per share	25	**3.48**	1.06

The attached notes 1 to 29 form part of these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY

For year ended 31 December 2022

	Paid capital *SR*	*Statutory reserve* *SR*	*Retained earnings* *SR*	*Total* *SR*
As of 1 January, 2022	**473,903,170**	**9,611,152**	**168,281,942**	**651,796,264**
Profit for the year	-	-	164,920,799	**164,920,799**
Other comprehensive income	-	-	(238,078)	**(238,078)**
Total comprehensive income	-	-	164,682,721	**164,682,721**
Transfer to statutory reserve	-	16,468,272	(16,468,272)	-
Dividend paid	-	-	(61,332,000)	**(61,322,000)**
As of 31 December, 2022	**473,903,170**	**26,079,424**	**255,164,391**	**755,146,985**
As of 1 January, 2021	473,903,170	4,604,888	123,225,568	601,733,626
Profit for the year	-	-	50,062,638	50,062,638
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	50,062,638	50,062,638
Transfer to statutory reserve	-	5,006,264	(5,006,264)	-
As of 31 December, 2021	**473,903,170**	**9,611,152**	**168,281,942**	**651,796,264**

The attached notes 1 to 29 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	***31 December 2022 SR***	*31 December 2021 SR*
OPERATING ACTIVITIES			
Profit for the year before zakat and income tax		**178,767,261**	50,268,389
Adjustments to reconcile profit to net cash flows:			
Depreciation of property, plant and equipment and right of use assets	6	**45,728,272**	42,349,769
Amortization of intangible assets	5	**40,448**	63,037
Finance cost on obligations under lease contracts	13	**14,927,896**	15,288,330
Provision for slow moving inventory		**-**	569,589
(Loss) from sales of property, plant and equipment		**17,744**	–
Provision for employees defined benefit obligations	15	**284,500**	258,413
Expected credit losses of trade receivables	9	**168,402**	-
		239,934,523	108,797,527
Changes in operating assets and liabilities:			
Inventories		**15,643,336**	(1,334,537)
Prepayments and other current assets		**(2,242,291)**	1,582,403
Trade and other payables		**(732,230)**	(52,231,566)
Advances from customers		**3,893,264**	635,441
Due from related parties		**(969,296)**	-
Trade receivables		**(2,954,484)**	-
Due to related parties		**2,384,650**	190,052
Cash from operations		**15,022,949**	(51,158,207)
Employees' defined benefits paid	15	**(179,333)**	-
Tax paid		**(122,700)**	-
Zakat paid		**(83,051)**	-
Net cash flows from operating activities		254,572,388	57,639,320
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**434,782**	–
Purchase of intangible assets		**(50,352,640)**	(2,078,458)
Purchase of property, plant and equipment		(23,683,746)	(18,694,841)
Net cash flows used in investing activities		(73,601,604)	(20,773,299)
FINANCING ACTIVITIES			
Payments of interest obligations under lease contacts		**(14,927,896)**	(15,288,330)
Payments of principal obligations under lease contacts		**(7,305,273)**	(4,452,435)
Dividend paid		**(61,332,000)**	-
Net cash flows used in financing Activities		(83,565,169)	(19,740,765)
Net increase in cash at banks		97,405,615	17,125,256
Cash at banks at the beginning of the year		**67,256,012**	50,130,756
Cash at banks at the end of the year		164,661,627	67,256,012
SIGNIFICANT NON-CASH TRANSACTIONS:			
Additions to right of use assets (Note 6)		-	78,890,231

1. CORPORATE INFORMATION

Fourth Milling Company is a One Person Closed Joint Stock Company (the “Company’’) was incorporated in Dammam in the Kingdom of Saudi Arabia on 10 Safar 1438H (corresponding to 10 November 2016). The Company’s licensed activities include flour production in Saudi Arabia and all activities related to the provision of wheat products, animal feed and related products, including making any contracts or making any related arrangements.

The Company was formed by the Public Investment Fund (the “Owner”) pursuant to the resolution of the Council of Ministers No. (35) of 27 Muharram 1437H (corresponding to 9 November 2015) approving the adoption of the necessary actions to establish four Joint Stock Flour Milling Companies according to the proposed geographical distribution. The Public Investment Fund, in coordination with the Saudi Grains Organization ("SAGO"), shall do so in accordance with Royal Decree No. 62 dated 4 Shawwal 1435H (corresponding to 31 July 2014). On 17 Shawwal 1441H (corresponding to 9 July 2020) the resolution of the Council of Ministers No. 631 states to transfer the ownership to Specialized Committee, and for the Specialized Committee to handle the task that was handled to Public Investment Fund as stated in The Council of Ministers’ resolution No. (118) dated 21 Safar 1440H (corresponding to 30 October 2018) (note 12).

On 25 Rabi’ al-Thani 1443 (corresponding to November 30, 2021), the Company sold its entire shares, amounting to 47,390,317 shares, the value of each share is 10 SR, to Gulf Flour Milling Industrial Company for the purchase price specified in the share sale and purchase agreement on the same date (Note 12).

The Company has entered into a subsidized wheat purchase agreement with the Saudi Grains Organizations (‘’SAGO’’) as SAGO imports wheat to Saudi Arabia for the purpose of producing subsidized flour. This Agreement shall enter into force on 3 Rabea II 1438H (corresponding to 1 January 2017) and shall be terminated when the Owner sells its shares in the Company. The agreement stipulates that the subsidized wheat subsidy price is calculated according to the monetary value per metric ton of subsidized wheat currently specified by the Government of the Kingdom of Saudi Arabia at SR 180 per metric ton. On 15 Rabi Al-Thani 1442H (corresponding to 30 November 2020), the wheat purchase agreement was extended and this agreement is valid until the expiry date of the license of the main purchaser (the “Company”).

The Company operates through its Head Office in Dammam and three branches in the many cities in the Kingdom of Saudi Arabia listed as follows:

City	*Date*	*Commercial Registration Number*
Head Office (Dammam)	9 Jumada Althani 1438H (corresponding to 28 March 2017)	2050110856
Dammam	9 Jumada Althani 1438H (corresponding to 28 March 2017)	2050111821
Madinah	9 Jumada Althani 1438H (corresponding to 28 March 2017)	4650082090
Kharj	9 Jumada Althani 1438H (corresponding to 28 March 2017)	1011024354

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS" as endorsed in Kingdom of Saudi Arabia").

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Saudi Riyals ("SR"), which is also the Company's functional currency.

2.2 Summary of significant accounting polices

a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

b) Fair value measurement

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

b) Fair value measurement (continued)

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities which can be accessed by the company at the date of measurement, and are considered primary inputs
- Level 2 — inputs other than quoted prices included in Level 1 that are observable either directly or indirectly
- Level 3 — unobservable inputs that are considered with the lowest priority.

When inputs used to measure the fair value of an asset or liability are classified at different levels in the fair value hierarchy, the fair value measurement is classified as a whole at the same level in the fair value hierarchy of the lowest input level that is significant for the overall measurement.

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in note 19.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income.

Computer software
Computer software licenses are capitalised on the basis of the costs incurred when specific software was purchased and configured for use. Amortisation is charged to the statement of profit or loss on a straight-line basis over the useful life of 6 to 10 years.

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

c) Intangible assets (continued)

Trademark
Acquired trademark by name of FOOM brand are stated at cost less impairment loss (note 5). Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Entity and is therefore considered to have an indefinite useful life. The useful life of the trademark is reviewed at each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. These are reviewed for impairment annually and whenever there is an indication that the intangible asset may be impaired.

d) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the

decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Assets Categories	**Useful lives**	**Assets Categories**	**Useful lives**
Buildings	25 – 50 years	Furniture and fittings	6.67 - 10 years
Plant and machinery	10 - 25 years	Motor Vehicles	5 years
Computer equipment	6.67 years		

The depreciation of plant is calculated on the useful lives of the components of the principal asset.

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

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

Projects under construction are not depreciated and are stated at cost less accumulated impairment losses, if any, and are classified under "Capital work in progress". These assets are transferred to property, plant and equipment as and when assets are available for intended use.

e) Leases

Right of Use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)
2.2 Summary of significant accounting policies – (continued)

e) Leases (continued)

Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance 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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if 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 re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of rent contracts (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 recognition exemption to low-value assets which are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the statement of financial position for the Company as a whole. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options
The Company determines the lease term as he non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

f) Financial instruments – initial recognition and subsequent measurement

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

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. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The Company does not have trade receivables as the consideration is received in cash at the time the sale is made.

Subsequent measurement
Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

f) Financial instruments – initial recognition and subsequent measurement

i) Financial assets

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:
• The rights to receive cash flows from the asset have expired; Or
• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 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 recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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

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

The Company's financial liabilities include trade and other payables, loans including bank overdrafts and derivative financial instruments.

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as "held for trading" if they are acquired for the purpose of selling in the near future. This category includes derivative financial instruments that have been concluded by the Company and are not designated as hedging instruments in accordance with IFRS 9. Derivatives included in other separate financial instruments are classified as "held for trading" unless they are designated as effective hedging instruments.

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

Financial liabilities at fair value through profit or loss (continued)

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. 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 statement of profit or loss and other comprehensive income.

f) Financial instruments – initial recognition and subsequent measurement

Derecognition
A financial liability is 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 is treated as the

derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

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

g) Inventories

Cost is determined as follows:

Finished goods	Direct cost of raw materials as well as overheads, the latter of which is allocated based on the normal level of activity. Finished goods are stated at cost or net realizable value, whichever is lower with provision for any obsolete or slow-moving goods. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
Wheat	Weighted average which is SR 180 / metric ton
Goods of production inputs, goods of production services and others	Weighted average

h) Cash and cash at banks
Cash at banks in the statement of financial position comprise cash at banks, cash on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash at banks consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company's cash management.

i) Employees benefits
The Company has defined benefit plans with General Organization for Social Insurance "GOSI" where the Company and the employees contribute fixed percentage of their salary toward the retirement of its employees. The Company operates defined benefit plans, under the Saudi Arabian Labor Law based on employees' accumulated periods of service at the statement of financial position.

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

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

i) Employee benefits (continued)

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the year end in which they occur. Re-measurements are not reclassified to income in subsequent periods.

Past service costs are recognized in income on the earlier of:
- The date of the plan amendment or curtailment, and
- The date on which the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under "general and administrative expenses" in the statement of profit or loss and other comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income.

j) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.
The Company calculates the impairment in value on the basis of detailed budgets and projections, which are prepared separately for each of the cash-generating units of the company to which the individual assets are allocated. These budgets and projections usually cover a five-year period. The long-term growth rate is calculated and applied to expected future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

k) Revenue from contracts with customers

The Company is involved in manufacturing of flour, feed and bran (by-product). The revenue is recognized when the goods are transferred to the customer, which is the time when these are dispatched from the premises of the Company. The revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services. Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on dispatch of goods. All sales are made on either cash or credit basis only, and thus payment of transaction price becomes due immediately when the customer purchases the products and the control of the products is transferred to the customer at the same time. The customer also has the right to return the product if it is damaged and can claim refund or replace the product. Other income is recognized when it is earned.
The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(i) Variable consideration

If the consideration provided for in the contract includes a variable amount, the company estimates the amount of the consideration it is entitled to in return for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(ii) Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Since all sales are made on cash basis, there is no financing component with amounts receivable from customers.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

l)Provisions

General

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

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

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

m) Zakat and Taxes

Zakat
Zakat provision is set in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. The zakat provision is estimated and charged to the consolidated statement of comprehensive income. Any differences in estimates are recorded when the final assessment is approved, at which point the provision is settled.

Income tax
Non-GCC shareholders are subject to income taxes. The current income tax provision is calculated in accordance with the tax regulations issued or effective at the end of the financial period. The management periodically evaluates the positions taken in tax returns regarding cases in which the applicable tax regulations are subject to interpretation. It makes a provision, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax on temporary differences between the carrying amount of assets and liabilities is recognized in the consolidated financial statements and the corresponding tax bases used in calculating taxable profit. Deferred tax liabilities are normally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available that can be used against the deductible temporary differences and unused tax losses. Such deferred tax assets and liabilities are not recognized when temporary differences and unused tax losses arise from the initial recognition of assets or liabilities in a transaction (other than in a business combination) that affect neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized when temporary differences arise from the initial recognition of goodwill.

Withholding tax
The Company withhold taxes on transactions with non-resident parties in accordance with GAZT regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Value added tax "VAT"
Expenses and assets are recognized net of the amount of value added tax, except:

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

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

n) Statutory reserve
In accordance with Saudi Arabian Companies law and Company`s By-Laws, the Company must transfer 10% of its net income in each year to the statutory reserve. As per the Company`s By-Laws, the Company may resolve to discontinue such transfers when the reserve equals 30% of the capital. This reserve is not available for distribution.

o) Foreign currencies
The Company's financial statements are presented in Saudi Riyal, which is also the company's functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss and other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.3 Summary of significant accounting policies – (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the company determines the transaction date for each payment or receipt of advance consideration.

p) Operating profit
Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes finance costs and other non-operating expenses.

q) Selling, distribution, general and administration Expenses
Selling, distribution, general and administration expenses include direct and indirect costs not specifically part of cost of sales. Allocations between cost of sales and selling, distribution, general and administration expenses, when required, are made on a consistent basis.

2.4 New and amended standards and interpretations

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.5 Summary of significant accounting policies – (continued)

The amendments apply to annual periods beginning on or after January 1, 2022, with early application permitted. There is no material impact on the company's financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Determining lease term for leases with termination option — Company as lessee
The Company has entered into lease agreements for land in relation to construct its offices and warehouses and to conduct its operations. The Company has evaluated based on the terms and conditions of the arrangements that the significant risks and rewards of ownership of these assets are retained by the lessor hence have been accounted for as operating leases. In making such assessment, management considered that the following key factors are applicable to its lease’s arrangements:

- Lease agreements do not transfer the assets' ownership to the lessor at the end of the lease.
- The Company has no option to purchase the asset.
- The lease term is not for the major part of the economic life of the asset.
- At the inception of the lease, the present value of the minimum lease payments is not amounting to substantially all the fair value of the leased asset.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Employees' defined benefit plans
The cost of employees’ defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4. SEGMENT INFORMATION

The operations of the company are mainly in the Kingdom of Saudi Arabia. The operations of the Company are in three branches: Dammam, Madinah and Kharj.

The Executive Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the financial statements.

4. SEGMENT INFORMATION – (continued)

The selected financial information for these branches are as follows.

For the year ended 31 December 2022	*Dammam* SR	*Madinah* SR	*Kharj* SR	*Head office* SR	*Total* SR
Total revenue	244,002,955	176,939,230	157,377,154	-	578,319,339
Cost of inventories	(86,959,209)	(29,792,944)	(69,937,548)	-	(186,689,701)
Employee benefits expenses	(20,530,813)	(28,925,915)	(16,541,053)	(22,625,211)	(88,622,992)
Depreciation and amortization	(14,125,203)	(18,751,142)	(12,381,255)	(511,120)	(45,768,720)
Other expenses	(31,013,259)	(28,546,069)	(11,674,749)	(9,495,285)	(80,729,362)
Other income	185,252	508,425	269,054	1,295,966	2,258,697
Segment profit (loss) before zakat and income tax	**91,559,723**	**71,431,585**	**47,111,603**	**(31,335,650)**	**178,767,261**

For the year ended 31 December 2021	*Dammam* SR	*Madinah* SR	*Kharj* SR	*Head office* SR	*Total* SR
Total revenue	148,494,180	89,804,890	97,998,821	-	**336,297,891**
Cost of inventories	(59,697,365)	(34,924,771)	(34,608,341)	-	**(129,230,477)**
Employee benefits expenses	(16,580,315)	(26,543,729)	(13,304,092)	(13,716,419)	**(70,144,555)**
Depreciation and amortization	(11,436,117)	(18,416,260)	(12,071,065)	(504,700)	**(42,428,142)**
Other expenses	(16,464,840)	(17,081,486)	(6,884,188)	(5,492,796)	**(45,923,310)**
Other income	435,617	399,763	42,107	819,495	**1,696,982**
Segment profit (loss)	**44,751,160**	**(6,761,593)**	**31,173,242**	**(18,894,420)**	**50,268,389**

As of 31 December, 2022	*Dammam* SR	*Madinah* SR	*Kharj* SR	*Head office* SR	*Total* SR
Total assets	269,341,516	416,583,964	257,255,791	207,830,174	**1,151,011,445**
Total liabilities	168,610,326	171,046,530	28,127,854	28,079,750	**395,864,460**
Other disclosures:					
Property, plant and equipment	222,470,342	370,096,323	240,836,135	2,344,527	**835,747,327**
Right of use assets	145,201,471	147,783,182	16,112,631	-	**309,097,284**
Inventory	34,558,715	35,303,908	10,449,159	12,332	**80,324,114**

As of 31 December, 2021	*Dammam* SR	*Madinah* SR	*Kharj* SR	*Head office* SR	*Total* SR
Total assets	274,395,918	423,141,868	263,254,433	74,644,138	1,035,436,357
Total liabilities	161,872,461	187,176,589	22,454,312	12,136,730	383,640,092
Other disclosures:					
Property, plant and equipment	82,227,886	251,445,522	234,853,087	2,344,387	570,870,882
Right of use assets	137,844,537	134,820,594	14,708,366	-	287,373,497
Inventory	52,113,274	33,104,495	10,749,681	-	95,967,450

5. INTANGIBLE ASSETS

	Software	*Intangible assets under implementation*	*Trade Mark with indefinite useful life*	*Total*
	SR	*SR*	*SR*	*SR*
Cost				
As of 1 January, 2021	345,195	3,408,226	-	3,753,421
Additions	38,818	2,039,640	-	2,078,458
As of 31 December, 2021	384,013	5,447,866	-	5,831,879
Additions (note 5.1 & 5.2)	4,500	245,640	50,102,500	50,352,640
AS of 31 December, 2022	**388,513**	**5,693,506**	**50,102,500**	**56,184,519**
Accumulated amortization				
As of 1 January, 2021	210,267	-	-	210,267
Amortization	63,037	-	-	63,037
As of 31 December, 2021	273,304	-	-	273,304
Amortization	40,448	-	-	40,448
As of 31 December, 2022	**313,752**	-	-	**313,752**
Net book value				
As of 31 December, 2022	**74,761**	**5,693,506**	**50,102,500**	**55,870,767**
As of 31 December, 2021	**110,709**	**5,447,866**	-	**5,558,575**

5.1 Amortisation is charged on a straight-line basis over the useful life of 6 to 10 years.

5.2 Acquired trademark by name of FOOM brand are stated at cost less impairment loss. Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Entity and is therefore considered to have an indefinite useful life.

6. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

	Building (*)	*Plant and machinery*	*Furniture and fittings*	*Computer equipment*	*Motor vehicles*	*Right of use Assets (**)*	*Capital work in progress (***)*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*
Cost								
As of 1 January, 2021	227,825,140	442,269,624	3,148,959	3.369,524	2,587,561	252,381,301	9,521,686	941,103,795
Additions during the year	23,400	2,226,368	545,188	256,277	-	78,890,231	15,643,608	97,585,072
Transfer from CWIP	5,340,226	5,611,596	-	1,443,689	-	-	(12,395,511)	-
As of 31 December, 2021	**233,188,766**	**450,107,588**	**3,694,147**	**5,069,490**	**2,587,561**	**331,271,532**	**12,769,783**	**1,038,688,867**
Additions during the year	2,565,291	9,734,238	307,982	439,280	-	-	10,636,955	23,683,746
Disposal during the year	-	(945,422)	(3,265)	-	-	-	-	(948,687)
Transfer from CWIP	6,151,095	6,338,225		1,409,337		-	(13,898,657)	-
As of 31 December 2022	**241,905,152**	**465,234,629**	**3,998,864**	**6,918,107**	**2,587,561**	**331,271,532**	**9,508,081**	**1,061,423,926**
Accumulated depreciation								
As of 1 January, 2021	15,376,599	87,590,131	1,691,256	1,085,278	475,167	31,876,288	-	138,094,719
Charged during the year (***)	6,785,844	22,306,313	249,494	497,820	488,551	12,021,747	-	**42,349,769**
As of 31 December, 2021	**22,162,443**	**109,896,444**	**1,940,750**	**1,583,098**	**963,718**	**43,898,035**	-	**180,444,488**
Charge for the year (****)	7,076,898	23,376,322	285,764	862,270	488,551	13,638,467	-	45,728,272
Disposal during the year		(492,900)	(3,261)					(496,161)
As of 31 December, 2022	**29,239,341**	**132,779,866**	**2,223,253**	**2,445,368**	**1,452,269**	**57,536,502**	**-**	**225,676,599**
Net book value								
At 31 December 2022	**212,665,811**	**332,454,763**	**1,775,611**	**4,472,739**	**1,135,292**	**273,735,030**	**9,508,081**	**835,747,327**
At 31 December 2021	211,026,323	340,211,144	1,753,397	3,486,392	1,623,843	287,373,497	12,769,783	858,244,379

6. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (continued)

(*) The buildings are built on land leased from the Saudi Grains Organization ("SAGO") with an annual rental value of SR 6,913,789. The term of the lease is 25 calendar years commencing from 3 Rabee Thani 1438H (corresponding to 1 January 2017) and is automatically renewable for a similar period with both parties approval along with active milling license.

Right of use assets **

	31 December 2022 SR	*31 December 2021 SR*
Right of use assets – Silos*	**103,869,740**	109,336,569
Right of use assets – Lands**	**169,865,290**	178,036,928
	273,735,030	287,373,497

Right of use assets – Silos*

The Company entered into a lease agreement with the Saudi Grains Organization ("SAGO") for the rental of silos for the purpose of storing wheat, flour and feed. The term of the lease is 25 calendar years commencing from date of milling license from 26 Rabee Thani 1443H (corresponding to 1 December 2021). The estimated useful lives of leased assets for depreciation purposes are 25 years. The company will bear the periodic maintenance costs incurred during the lease period. Leased assets are pledged as security for the related obligations under the lease.

Right of use assets – Lands**

The company has entered into land leases. The duration of these contracts is 25 years. These lease contracts do not transfer ownership of the assets to the lessor at the end of the contract (Note 21). The estimated useful lives of these assets for depreciation calculation purposes are 23 years. During 2021, the duration of the contracts was extended by an additional 3 years.

(***) Capital work in progress as of 31 December 2022 mainly consist of the project of implementing security and safety works, modernizing the SCADA system with MMC panels, the medium voltage project in Dammam branch and flour silo coating project in Kharj branch and is expected to be completed by 1 December 2023. The capital commitments relating to this amount is 9.5 million SAR (31 December 2021: 12.7 million).

(****)Depreciation expenses for the year were allocated as follows:

	31 December 2022 SR	*31 December 2021 SR*
Cost of sales (note 19)	**39,372,621**	37,192,183
Selling and distribution expenses (note 20)	**4,511,154**	3,414,930
General and administrative expenses (note 21)	**1,844,497**	1,742,656
	45,728,272	42,349,769

7. INVENTORIES

	31 December 2022 SR	*31 December 2021 SR*
Spare parts	**71,893,139**	80,968,489
Raw materials	**22,001,355**	24,579,360
Finished goods	**6,175,233**	7,356,486
Goods in transit	**152,818**	2,961,546
Less: Provision for slow moving inventory	**(19,898,431)**	(19,898,431)
	80,324,114	95,967,450

Movement in allowance for slow moving inventory

	31 December 2022 SR	*31 December 2021 SR*
At the beginning of the year	**(19,898,431)**	(19,328,842)
Charged during the year (note 19)	**-**	(569,589)
At end of the year	**(19,898,431)**	(19,898,431)

8. DUE FROM AND DUE TO RELATED PARTY

Related parties represent affiliated companies, the partners, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by the Company and such parties. Pricing policies and terms of these transactions are approved by the Company's management. Further transactions are disclosed in (note 26).

Due from related parties	***31 December 2022 SR***	*31 December 2021 SR*
Abdullah Al-Othaim Markets Company	**576,853**	
Zod Factory for Pastries and Bakeries, a branch of Al-Othaim Markets Company	**318,032**	-
Riyadh Industries Company	**74,411**	-
	969,296	-

Due to related party	***31 December 2022 SR***	*31 December 2021 SR*
United Feed Manufacturing Company	**2,574,702**	190,052
	2,574,702	190,052

9. TRADE RECEIVABLES

	31 December 2022 SR	*31 December 2021 SR*
Trade receivable	**2,954,484**	-
Less: Provision for expected credit loss	**(168,402)**	-
	2,786,082	-

9. TRADE RECEIVABLES (continued)

All credit customers are within Saudi Arabia.

The average credit period for the accounts receivable is 90 days (2021: Nil days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

Of the accounts receivable as at 31 December 2022, there are 5 customers (2021: Nil customers) which represent more than 86.56 % (2021: Nil %) of the total receivables. Trade receivables during the year are neither past due nor impaired.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2022 SR	*31 December 2021 SR*
Advance to suppliers	**3,675,840**	-
Letter of Guarantee	**2,941,373**	2,571,414
Prepayments	**2,034,646**	1,823,685
Letter of credit	**1,639,227**	4,007,728
Deposits	**340,126**	-
Staff loans and advances	**21,020**	7,114
	10,652,232	8,409,941

11.CASH AND BANK BALANCES

	31 December 2022 SR	*31 December 2021 SR*
Cash at bank	**84,617,343**	67,256,012
Fixed deposit (note 11.1)	**80,000,000**	-
Cash in hand	**44,284**	-
	164,661,627	67,256,012

11.1 Cash at bank includes term deposit amounting to SR 80 million (2021: Nil) in Riyad Bank. The average return on deposit is 5.67% (2021: Nil) during the year ended 31 December 2022.

12. CAPITAL

The Company's share capital is divided into 47,390,317 shares of SR 10 each (31 December 2021: 47,390,317 shares of SR 10 each).

On 17 Shawal 1441H (Corresponding to 9 June 2020), The Council of Ministers announced a resolution to transfer the ownership of the company to the National Center for Privatization. All legal formalities regarding the transfer of ownership were completed during the year.

On 25 Rabi' al-Thani 1443 (corresponding to November 30, 2021), the company sold its entire shares, amounting to 47,390,317 shares, the value of each share is 10 SR, to Gulf Flour Milling Industrial Company for the purchase price specified in the share sale and purchase agreement on the same date. All legal formalities regarding the transfer of ownership were completed during the year 2021.

13. LEASE LIABLITIES

	2022	*2021*
	SR	*SR*
As at January	**316,402,557**	241,965,177
Additions	**-**	78,889,815
Annual finance charges	**14,927,896**	15,288,330
Paid during the year	**(22,233,169)**	(19,740,765)
Closing balance - Present value for defined benefits obligation	**309,097,284**	316,402,557
Current	**22,594,258**	22,233,169
Non-current	**286,503,026**	294,169,388

The following are the amounts recognized in profit and loss:

	31 December 2022	*31 December 2021*
	SR	*SR*
Depreciation expense of right to use assets	**13,638,467**	12,021,747
Interest expense on lease liabilities	**14,927,896**	15,288,330
	28,566,363	27,310,077

The maturity analysis of lease liabilities is disclosed in Note 24.

14. ADVANCE FROM CUSTOMERS

	2022	*2021*
	SR	*SR*
Advance from customers (note 14.1)	**9,396,093**	5,502,829
	9,396,093	5,502,829

14.1 These advance from customers are not received as security and will be adjusted against the purchases made by the respective customers.

15. EMPLOYEES' DEFINED BENEFITS OBLIGATION

	2022	*2021*
	SR	*SR*
At the beginning of the year	**1,074,780**	816,367
Current service cost	**284,500**	352,816
Remeasurement loss due to actuarial valuation	**238,078**	-
Paid benefits	**(179,333)**	(94,403)
At the end of the year	**1,418,025**	1,074,780

Details of employees' terminal benefits charged to the statement of comprehensive income are as follows:

	2022	*2021*
	SR	*SR*
Net interest amount charged on the net defined benefit liability	**32,243**	-
Current service costs	**252,257**	-
Actuarial loss recognized in other comprehensive income	**238,078**	-
	522,578	-

15. EMPLOYEES' DEFINED BENEFITS OBLIGATION (CONTINUED)

The principal actuarial assumptions used are as follows:

	2022	*2021*
Discount rate	**4.20%**	-
Increments	**4.20%**	-

The sensitivity of the defined benefit obligation to charges in the weighted principal assumptions as at 31 December 2022 is:

	Original	Increase / (decrease) in present value of the defined benefit obligation	
		%	**Amount (SR)**
Discount rate	**1,418,025**	+1%	**1,320,268**
		-1%	**1,528,790**
Salary increase rate	**1,418,025**	+1%	**1,513,148**
		-1%	**1,332,163**
Employee turnover rate	**1,418,025**	+10%	**1,417,884**
		-10%	**1,418,162**
Withdrawal rate	**1,418,025**	+10%	**1,378,974**
		-10%	**1,460,979**

16. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2022	*2021*
	SR	*SR*
Trade payables	**26,837,549**	46,901,768
Accrued expenses (Note 16.1)	**31,648,588**	11,372,506
VAT Payable	**1,022,006**	1,752,732
Other payables	**23,751**	237,118
	59,531,894	60,264,124

16.1 Accrued expenses consist of accrued electricity expenses, rent, professional services, and employee related expenses.

17. ZAKAT AND INCOME TAX PAYABLE

The zakat and income tax charged for the year consist of the following:

	2022	*2021*
	SR	*SR*
Income tax charged for the year	**10,855,342**	122,700
Zakat charged for the year	**2,991,120**	83,051
	13,846,462	205,751

17.1 Zakat

The zakat provision for the year is calculated based on the following:

	2022	*2021*
	SR	*SR*
Equity	**768,993,447**	**654,956,238**
Opening provisions and other adjustments	**335,584,044**	**312,164,897**
Book value of long-term assets and other liabilities	**(963,511,233)**	**(943,984,820)**
	141,066,258	**23,136,315**
Zakat Base on Saudi partners' shares at 66.67%	**94,668,277**	**1,267,807**
Income for the year subject to zakat	**119,644,809**	**2,014,842**
Zakat expense	**2,991,120**	**83,051**

Movement in Zakat provision and accrued income during the year:

	2022	*2021*
	SR	*SR*
At the beginning of the year	**205,751**	**-**
Charged for the year	**13,846,462**	**205,751**
Paid during the year	**(205,751)**	**-**
At the end of the year	**13,846,462**	**205,751**

17.2 Zakat And tax assessments

The company is subject to zakat as its share capital was from public funds in accordance with the decision of the Zakat, Tax and Customs Authority (ZATCA). According to the transformation of the Fourth milling Company into a mixed company as of 30/11/2021.

18. SALES

	2022	*2021*
	SR	*SR*
Flour	**358,712,700**	232,222,434
Bran	**159,358,850**	52,478,985
Feed	**66,753,944**	51,596,472
Less: Discount	**(6,506,155)**	**-**
	578,319,339	336,297,891

The Company sells its goods based on sale orders from customers, secured by the advance receipts of value of goods.

18.1 Disaggregation of sales

Sales are disaggregated by type of sector, customer, duration of contracts and timing of revenue recognition as shown below:

	2022	*2021*
	SR	*SR*
Type of sector		
Corporate sector	**509,860,408**	300,821,753
Individual sector	**56,273,418**	35,476,138
Hypermarkets	**12,185,513**	**-**
	578,319,339	336,297,891

18. SALES (continued)

Type of product		
10-45 Flour	**318,797,593**	221,324,886
Bran	**159,358,851**	54,524,282
Feed	**66,753,944**	49,551,175
Consumer Pack	**33,408,951**	10,897,548
	578,319,339	336,297,891
Duration of contracts		
Less than one year	**578,319,339**	336,297,891
	578,319,339	336,297,891

Performance obligation
The sale of goods by the Company is recognized at a point in time basis. The performance obligation is satisfied at time of dispatch of goods from the warehouse and all sales are made in Kingdom Saudi Arabia (KSA).

19. COST OF SALES

	2022 ***SR***	2021 SR
Raw material consumed	**195,314,217**	128,655,870
Salaries and other benefits	**54,155,084**	44,184,283
Depreciation of property, plant and equipment and right of use assets (note 6)	**39,372,621**	37,192,183
Electricity	**14,981,341**	11,606,633
Insurance	**3,880,729**	2,883,663
Transportation	**887,919**	852,046
Rent	**595,168**	585,726
Provision for slow moving inventory (note 7)	**-**	569,589
Other direct costs	**6,201,269**	2,680,200
	315,388,348	229,210,193
Finished goods at the beginning of the year	**7,356,486**	8,688,455
Total production cost prepared for sale during the year	**322,744,834**	237,898,648
Finished goods at the end of the year (note 7)	**(6,175,233)**	(7,356,486)
	316,569,601	230,542,162

20. SELLING AND DISTRIBUTION EXPENSES

	2022 ***SR***	*2021* *SR*
Transportation	**14,359,278**	816,542
Salaries and other benefits	**7,827,662**	4,670,796
Depreciation of property, plant and equipment and right of use assets (note 6)	**4,511,154**	3,414,930
Other expenses	**2,833,563**	79,723
Electricity	**1,632,478**	960,082
Insurance	**444,511**	328,737
Rent	**58,469**	67,325
Expected credit losses of trade receivables (note 9)	**168,402**	
	31,835,517	10,338,135

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2022 SR	*2021 SR*
Salaries and other benefits	**26,095,245**	20,197,475
Other expenses	**4,771,577**	2,410,778
Consultation and services	**3,398,953**	3,045,853
Insurance	**1,059,636**	2,148,475
Depreciation of property, plant and equipment and right of use assets (note 6)	**1,844,497**	1,742,656
Board and committees' expenses, rewards and allowances (note 26)	**545,000**	1,092,000
Electricity	**657,081**	797,590
Amortization of Intangible assets (note 5)	**40,448**	63,037
Transportation	**50,741**	39,796
Rent	**14,583**	20,197
	38,477,761	31,557,857

22. CAPITAL COMMITMENTS AND CONTINGENT LIABLILTIES

Contingent liabilities

As of 31 December 2022, the company had contingent liabilities arose during its normal business cycle, and related to letters of credit and letters of guarantee limited to SR 4.6 million (31 December 2021: SR 6.6 million). (Note 10)

23. FINANCIAL INSTRUMENTS

Set out below is an overview of financial assets held by the Company:

	31 December 2022 SR	*31 December 2021 SR*
Financial assets at amortized cost:		
Cash and bank balances	**164,661,627**	67,256,012
Trade receivables	**2,786,082**	-
Due from related parties	**969,296**	-
	168,417,005	67,256,012

Set out below is an overview of financial liabilities held by the Company:

	31 December 2022 SR	*31 December 2021 SR*
Financial liabilities at amortized cost:		
Lease liabilities	**309,097,284**	316,402,557
Trade payables and other current liabilities	**59,531,894**	60,264,124
Amounts due to related parties	**2,574,702**	190,052
Total	371,203,880	376,856,733

23. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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. Financial instruments comprise of financial assets and financial liabilities. The Company's financial assets consist of due from related parties, trade receivables and cash at bank balances. Its financial liabilities consist of trade and other payables, obligations under finance lease and amounts due to related parties.

The management assessed that fair value of Cash at banks; amounts due to related parties, trade receivables, trade and other payables and obligations under finance lease approximate their carrying amounts, largely due to the short-term maturities of these instruments.

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities which can be accessed by the company at the date of measurement, and are considered primary inputs
Level 2 — inputs other than quoted prices included in Level 1 that are observable either directly or indirectly
Level 3 — unobservable inputs that is considered with the lowest priority

When inputs used to measure the fair value of an asset or liability are classified at different levels in the fair value hierarchy, the fair value measurement is classified as a whole at the same level in the fair value hierarchy of the lowest input level that is significant for the overall measurement.

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

There were no transfers between levels of fair value measurements in 2022 and 2021. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period.

24. FINACIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main purpose of the Company’s financial instruments is to raise finances for the Company’s operations.

The Company’s activities expose it to a variety of financial risks that include credit risk, liquidity risk, and market risk. These financial risks are actively managed by the Company’s Finance Department under strict policies and guidelines approved by the Board of Directors. The Company’s Finance Department actively monitors market conditions minimizing the volatility of the funding costs of the Company. There were no changes in the policies for managing these risks.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer which the Company seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Owing to nature of Company's business, significant portion of revenue is collected in cash due to which the Company is not significantly exposed to credit risks.

The Company is exposed to credit risk on its due from related parties, trade receivables and bank balances as follows:

	31 December 2022 SR	*31 December 2021 SR*
Financial assets at amortized cost:		
Cash at banks	**164,617,343**	67,256,012
Trade receivables	**2,574,702**	-
Due from related parties	**969,296**	-
	168,161,341	67,256,012

The carrying amount of financial assets represent the maximum credit exposure. Credit risk on amounts due from related parties is limited as amounts due from related parties represent inter-related balances of an operating nature. Cash balances are held with banks with sound credit ratings as below:

	Rating		*Rating*	***31 December***	*31 December*
Banks	***Long term***	***short term***	***Agency***	***2022 SR***	*2021*
Saudi British Bank	**A-1**	**P-1**	Moody`s	**500,000**	500,000
Banque Saudi Fransi	**A-1**	**P-1**	Moody’s	**44,662,877**	66,756,012
Riyad Bank	**A-1**	**P-1**	Moody`s	**119,454,466**	-
				164,617,343	67,256,012

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Company limits its exposure to credit risk from trade receivables by establishing and maintaining a cash-based mode of conducting business. As the advance of customer is received before any supply of goods, the Company is not exposed to any such credit risk on trade receivables.

Expected credit loss assessment for accounts and other receivables:

As per IFRS 9, the simplified approach is used to measure expected credit losses which uses a lifetime expected loss allowance for all financial assets measured at amortized cost and contract assets.

The expected loss rates are based on the payment profiles of receivables over a suitable period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified GDP of Kingdom of Saudi Arabia (the country in which it renders the services) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The loss allowance as of 31 December 2022, was determined using expected credit loss method and same has been disclosed in these financial statements.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – (continued)

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations as they fall due. The Company seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation

Excessive risk concentration:

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarizes the maturities of the Company's financial liabilities based on contractual payment dates and current market interest rates as following.

31 December 2022

	On demand SR	*Less than 3 months SR*	*3 to 12 Months SR*	*1 to 5 years SR*	*More than 5 years SR*	*Total SR*
Trade payables and other current liabilities	**17,420,408**	-	**42.111,486**	**-**	**-**	**59,531,894**
Amount due to related parties	**2,574,702**	-	**-**	**-**	**-**	**2,574,702**
Lease liabilities	-	-	**22,594,258**	**91,179,316**	**195,323,710**	**309,,097,284**
	19,995,110	-	**64,705,744**	**91,179,316**	**195,323,710**	**371,203,880**

31 December 2021

	On demand SR	*Less than 3 months SR*	*3 to 12 Months SR*	*1 to 5 years SR*	*More than 5 years SR*	*Total SR*
Trade payables and other current liabilities	11,774,937	-	48,489,187	-	-	60,264,124
Amount due to related parties	190,052					190,052
Lease liabilities	-	-	22,233,169	33,492,154	260,677,234	316,402,557
	11,964,989	-	70,722,356	33,492,154	260,677,234	376,856,733

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – (continued)

Market risk- continued

Foreign currency risk

Foreign 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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). However, as the Company primarily deals in USD and Euro (immaterial), with the majority being in USD, which is pegged with SR, the Company's exposure to foreign currency risk is immaterial. No sensitivity for foreign currency risk is presented due to its minimal effect on the financial statements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. However, as the Company does not have any instrument carrying such risk, it is not exposed to interest rate risk.

Equity price risk

This is the susceptibility of a Company's listed and unlisted equity securities to market price risk arising from uncertainties about future values of the investment securities. The Company manages equity price risk through diversification and sets limits for each equity instrument separately and in aggregate. Reports on equity portfolio are regularly reported to Senior Management. As the Company has no such investments in the aforementioned securities, it is not exposed to such risk.

Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt trade and other payables, accrued expenses and obligations under finance lease, less Cash at banks.

	31 December 2022 SR	*31 December 2021 SR*
Trade payables and other current liabilities	**59,531,894**	60,264,124
Amounts due to related parties	**2,574,702**	190,052
Lease liabilities	**309,097,284**	316,402,557
Less: Cash at banks	**(164,661,627)**	(67,256,012)
Net debt	**206,542,253**	309,600,721
Shareholders' equity	**755,146,985**	651,796,264
Total capital	**961,689,238**	961,396,985
Gearing ratio	**21%**	32%

25. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the profit and share data used in the basic and diluted EPS computations:

	31 December 2022 SR	*31 December 2021 SR*
Total comprehensive income for the year	**164,682,721**	50,062,638
Weighted average number of ordinary shares for basic EPS	**47,390,317**	47,390,317
Earnings per share – basic and diluted	**3.48**	1.06

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of the financial statements.

26. RELATED PARTY TRANSACTIONS

Related parties represent affiliated companies, the partners, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by the Company and such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Significant related party transactions during the year were as follows:

Related parties	*Nature of transactions*	*Amounts of transactions* ***2022 SR***	*2021 SR*
Zod Factory for Pastries and Bakeries, a branch of Al-Othaim Markets Company	Sales	**901,603**	-
	Payment	**583,571**	-
Riyadh Industries Company	Sales	**570,202**	-
	Payments	**495,791**	-
Abdullah Al-Othaim Markets Company	Sales	**7,064,444**	-
	Payment	**6,487,591**	-
United Feed Manufacturing Company	Sale	**39,245,267**	-
	Payment	**41,629,917**	-

26. RELATED PARTY TRANSACTIONS (Continued)

Balances with related parties included in the statements of financial statement have are as follows:

	2022		*2021*	
	2022 Due from related parties SR	***Due to related party SR***	*2021 Due from related parties SR*	*Due to related party SR*
Associates:				
Zod Factory for Pastries and Bakeries, a branch of Al-Othaim Markets Company	**318,032**	**-**	**-**	**-**
Riyadh Industries Company	**74,411**	**-**	**-**	**-**
Abdullah Al-Othaim Markets Company	**576,853**	**-**	**-**	**-**
United Feed Manufacturing Company		**2,574,702**	**-**	190,052

On 25 Rabi' al-Thani 1443 (corresponding to November 30, 2021), the company transferred all of its shares to Gulf Flour Milling Industrial Company. These transactions represent transactions with related parties on the date those transactions were completed.

Transactions with key management personnel
Compensation of the Company's key management personnel includes salaries and other benefits. The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

Compensation of key management personnel of the Company

	2022 SR	*2021 SR*
Compensation of key management personnel of the Company		
Board and committees' expenses, rewards and allowances (Note 21)	**545,000**	1,092,000
Compensation of key management personnel of the Company (*)	**5,860,131**	1,504,562

(*) Compensation of key management personnel of the Company

Employees short term benefits	**5,692,698**	1,413,927
Post-employment pension and medical benefits	**167,433**	90,635
Total compensation paid to key management personnel	**5,860,131**	1,504,562

27. COMPARATIVE FIGURES

Certain comparative figures of the prior year have been reclassified to conform with the presentation of the current year figures.

28. SUBSEQUENT EVENTS

In the opinion of management, there were no material events subsequent to the period of preparation period of these financial statements and before the date of issuance of our audit report that may have a material impact on the company's financial statements.

29. DATE OF AUTHORIZATION

These financial statements were authorized for issuance by the Company's Board of Directors on 11 Shawwal 1444H (corresponding to 01 May 2023).